

The Impact of HRM Practices on Employee Retention in the BPO Sector of Karachi: The Mediating Role of Job Satisfaction

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ABSTRACT

This research analyzes the effects of the Human Resource Management (HRM) practices in the employee retention aspects at the BPO, a Karachi based organization in the Business Process outsourcing (BPO) industry in Pakistan. The study aims at addressing the effect of the main HRM practices recruitment and selection, training and development, compensation and benefits, and employee engagement on employee retention intentions with the organization. The type of a quantitative research design was used and the data has been gathered via the use of a structured questionnaire that was given to current employees. Much descriptive statistics and correlation analysis were used to analyze responses in order to investigate the relations between HRM practices and retention. The results show that excellent practices of HRM contribute to high employee retention. It was found that open recruitment, lifelong learning, equitable and competitive pay, and conducive work environment are major elements that facilitate the desire of employees to remain. These relations were found to be partially mediated by job satisfaction, with special emphasis given to the role of perception of fairness, starting growth opportunities and organizational support by employees. This research adds to the literature as it offers the empirical data of the HRM practices and employee retention, which are highly organization-specific in the Pakistan BPO industry. The results provide viable suggestions to the HR practitioners and organizational leaders at the BPO to formulate strategic, evidence-based HR policies that would help to curb the rate of turnover and enhance the overall performance of the organization. Using one Karachi-based BPO company, the study will have an in-depth insight into the HRM-retention dynamics within a local environment, which has a paucity of empirical research in the outsourcing sector, especially in the post-pandemic world. The results give practical implications to HR managers to craft a set of policies that will increase organizational performance and retention.

Keywords: Employee Retention; Human Resource Management (HRM); Business Process Outsourcing (BPO); Recruitment and Selection; Training and Development; Compensation and Benefits; Employee Engagement

INTRODUCTION

Background of the Study

In recent times (especially within metropolitan cities like Karachi), the Business Process outsourcing business (BPO) has undergone tremendous growth in Pakistan. The sector is very critical in creating employment to the young professionals on its offer of services to the customer in areas like customer support, finance, accounting, IT and customer back-office services. In spite of the swift growth, BPO business still experiences perennial employee retention challenges. There are high employee turnover, and

long working hours, the night shifts corresponding to the international clients, great performance rates, emotional labor, and the lack of career progressions make the high employee turnover a serious issue.

The turnover of employees does not only augment the recruitment and training expenses but also interferes with the service quality, organizational knowledge and client relationship. Since employees represent the main contact point between the BPO firms and their customers, competent and experienced workforce is critically needed in the maintenance of a competitive advantage as well as operational effectiveness. This has seen organizations give military attention to the Human Resource Management (HRM) practices as strategic practices that can be used to improve employee satisfaction, commitment as well as their long-term retention.

The previous studies indicate that high HRM practices especially Recruitment and Selection, Training and Development, Compensation and Benefits and Employee Engagement are important in determining attitudes and behavioral intentions of employees (Huselid, 1995). These are practices which help in creating supportive work environment which increases the perceptions of organizational support and fairness amongst the employees. Moreover, it is generally accepted that job satisfaction is an important psychological process that HRM practices have in employee retention decisions (Locke, 1976) (Price and Mueller, 1986).

The connection between HRM practices, job satisfaction, and employee retention is of specific interest in the context of a highly competitive environment of a BPO industry of Karachi where competition over talented staff working in English is extreme, and employee mobility is significantly high. Although the significance of this sector is on the rise, vast research studies on analysing these relationships within Karachi-based organisations on BPO are minimal. This research is aimed at filling this void by examining the relation of HRM practices on employee retention with job satisfaction serving as mediating variable.

Significance of the Study

The study is significant both in theory and in practice. In theory, the study will contribute to bridging the gap in the literature exploring the subject of HRM and employee retention, as it will offer valuable data on the subject of the context, i.e., the BPO industry, in the Karachi setting, which is currently underrepresented in the literature. Besides, using job satisfaction as a mediator will contribute to the theory on the subject matter by offering a superior perspective on the psychological mechanism between HRM practices and employee retention. Pragmatically, the findings of this study will assist human resource managers in organizations determine the top priority of the HRM practices in the setting of BPOs to bring forth better employee satisfaction and decrease employee turnover.

Objectives of the Study

The hypotheses of this research include:

- To study how the important HRM activities (Recruitment and Selection, Training and Development, Compensation and Benefits, and Employee Engagement) affect employee retention in the BPO industry of Karachi.
- To examine the HRM practices and job satisfaction.
- To determine the mediating role of job satisfaction between HRM practices and employee retention.
- To come up with practical suggestions on how to improve the HRM strategies in order to increase employee retention in BPO organizations.

Statement of the Problem

Despite this tremendous expansion in the BPO industry in Karachi, retention of the workers remains an issue. There are various adverse effects of labor turnover on the productivity and organizational performances. Whereas the role of HRM was seen to be influential in addressing the problem associated with labor turnover, there is less support on the significance and application of job satisfaction as a mediator.

Research Hypothesis

Direct Relationships

- H1: Recruitment and selection positively influence employee retention.
- H2: Training and development positively influence employee retention.
- H3: Compensation and benefits positively influence employee retention.
- H4: Employee engagement positively influences employee retention.

HRM Practices and Job Satisfaction

- H5: Recruitment and selection positively influence job satisfaction.
- H6: Training and development positively influence job satisfaction.
- H7: Compensation and benefits positively influence job satisfaction.
- H8: Employee engagement positively influences job satisfaction.

Mediation Effect

- H9: Job satisfaction positively affects employee retention.
- H10: Job satisfaction partially mediates the relationship between HRM practices and employee retention.

Conceptual Framework

Figure 1.1 presents the conceptual framework of the study. The conceptual framework is developed basing on the theory on job satisfaction the author suggested (Locke, 1976), the model on turnover suggested by (Price and Mueller, 1986), and the High-Performance Work Systems offered by the author (Huselid, 1995). The conceptual framework depicts the direct connection between the HRM practices and employee retention. The mediator theory on job satisfaction is assumed to be the driver that defines the impact of the HRM practices on employee retention.

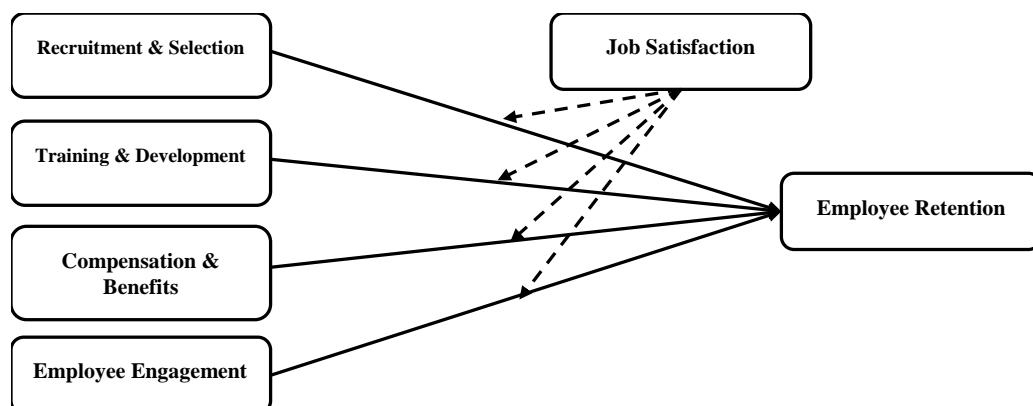


Figure 1 Conceptual Framework

Limitations of the Study

The study comes with a number of limitations which are to be mentioned:

- It is specific to BPO in Karachi and thus may not be applicable to other cities and industries.
- The information is gathered out of a particular sample of employees, and this could not be a sample of all BPO employees in Karachi.
- All other variables such as organizational commitment or work-life balance have not been included in the mediating variables but only the job satisfaction variable was taken into account.
- The research employs a quantitative survey technique, which is not exhaustive to derive qualitative information.
- The time limits do not allow observing the trends of HRM practices and employee retention over the long term.

LITERATURE REVIEW

The retention of employees has remained to be a critical problem in labor intensive and service based industries, especially in the Business Process outsourcing (BPO) industry. Working conditions that are difficult include high performance standards, non-regular working hours, emotional work, and constant communication with international customers, which organizations working in this industry are exposed to. The conditions lead to high turnover rates, raising the cost of recruitment and training as well as undermining the service delivery and the reputation of the organization. Consequently, this has seen researchers and practitioners pay more attention to the relevance of Human Resource Management (HRM) practices in enhancing the employee retention outcomes.

According to the existing literature, HRM activities in terms of recruitment and selection, training and development, compensation and benefits, and employee engagement have been the key focus on influencing how employees experience working in an organization and whether they will stay in an organization. But more recent research states that such practices are often ineffective because subjective ratings of employees of their jobs are critical. In that respect, the level of job satisfaction has become one of the most important psychological processes in which HRM practices provide impact on the employee retention. This chapter will be a review of the available theories and empirical research on HRM practices, job satisfaction and employee retention with specific reference to the situation in the BPO industry in Karachi.

Theoretical Foundation

The topic of employee retention has received a great deal of discussion regarding various theoretical standpoints with a view to the literature of human resource management and organizational behavior. The theories can be used to elucidate the behavior of the employees as to why they want to stay with or why they want to leave a certain organization, especially in the service industries that are labour intensive such as Business Process Outsourcing (BPO):

Human Capital Theory KSA are the human capability that is a valuable asset to an organization. Recruitment, training and development for the employees make them perceive themselves to be valued in addition to boosting their career opportunities, a factor, which leads to improved retention. Human capital development is necessary in BPO firms where employee competence is a key determinant of service quality, and turnover intentions are minimized in such companies.

Social Exchange Theory Retention can be considered as a mutual one that exists between employees and employers. When companies compensate employees fairly, offer them development opportunities, and

enabling conditions, employees feel committed to them in return by being loyal and serving them. This is especially so in the BPO industry of Karachi where working conditions are a challenge and thus perceived organizational support is one determinant of retention.

Resource-Based View (RBV) of the Firm (Barney, 1991): It includes sustainable competitive advantage based on valuable resources, rare resources, and hard resources. The experienced and talented employees are the strategic assets, and their retention will guarantee the quality of services, customer satisfaction, and efficiency.

Job Embeddedness Theory (Mitchell, Holtom, Lee, Sablinski, & Erez, 2001): Job and organizational affiliations are effective in influencing employee retention. The HRM practices improve fit by recruiting, reinforcing relational bond by engaging programs, perceived sacrifices by rewarding employees and career development which lower turnover intentions.

Herzberg's Two-Factor Theory (Herzberg, 1959): Hygienic and motivator factors are distinguished (salary, work conditions on the one hand and recognition, growth on the other hand). Poor hygienic factors result in dissatisfaction and motivators enhance job satisfaction and retention, in BPO settings.

Psychological Contract Theory (Rousseau, 1995): Emphasizes the significance of unofficial agreements and fairness consideration between the employees and the management. The psychological contract is enhanced through fair and trustful HRM practices which support retention.

HRM Practices and Employee Retention

Human Resource Management practices are official systems and policies which are aimed to attract, develop, motivate and retain employees (Armstrong and Taylor, 2014). Long-term sustainability of the organization is also dependent on the workforce in service oriented organizations such as the BPO sector, hence the need to focus on HRM practices.

The High Performance Work Systems (HPWS) as postulated by (Huselid, 1995) acknowledge that a package of combined HR practices has superior organizational outcomes as compared to single initiatives. Such systems nurture employee skills, motivation as well as contribution opportunities which help to reduce turnover. Low HR systems in the BPO industry have led to burnout and attrition in Karachi, and employee-centered practices have led to high involvement and loyalty.

The paper centers on four gist HRM practices that are essential in BPO retention dilemma:

- Recruitment & Selection
- Training & Development
- Compensation & Benefits
- Employee Engagement

The four important practices of HRM studied under this paper include recruitment and selection, training and development, compensation and benefits and employee engagement since these areas are the most pertinent when it comes to retention issues encountered in the BPO organizations.

Recruitment & Selection

Recruitment and selection are some of the most important HRM practices that define the quality of capability and expectations of the employees with the job requirements and organizational culture (Dessler, 2020). Direct customer interaction involving employees in BPO organizations is complex and needs excellent communication skills, flexibility and stress resistance. Recruitment processes within the sector, therefore, tend to focus on language skills, behavioral aptitudes, and cultural flexibility in order to determine how the new employees can be able to perform to the expectations. The labor market in Karachi

poses special challenges in that respect. Although the city has a good supply of young and talented workforce, especially the English speaking and customer oriented ones, the employers are competing a lot concerning the talents. Unprofessional or hurry practices in recruitment often cause a discrepancy in the anticipations of jobs and the actual world, which causes increased turnover and early departures. Competency-based interviews, realistic job preview and assessment Center are all structured recruitment strategies that have been found to reduce voluntary turnover by enhancing person job fit, building trust in organizational systems and avoiding the preparation effects of early adjustment. Workers that feel the selection process has been done fairly and transparently tend to feel confident about their organization, hence increases job satisfaction and retention. This is backed by empirical studies carried out in Pakistan such as BPO and service industry which has shown that companies with structured recruitment policies attain greater employee stability and satisfaction as opposed to companies that have informal hiring policies or employee referrals.

Recruitment and selection activities are a signaling process whereby initial stages of perceptions of organizational credibility and trustworthiness are established between the fresh employees. Open recruitment processes become an act of signaling and some of the groundings of the signaling theories have supported it. The justifications include the fact that it eliminates doubts and suspicion towards new hires. Realistic job preview is very important in a BPO firm where the new employee has underestimated the intensity of the job.

Training & Development

Training and development are the strategic HRM practices that are designed to improve skills, knowledge and competencies of employees in order to fit in the job needs today and in the future (Noe, Hollenbeck, Gerhart, and Wright, 2017). In BPO institutions, where workers have to work with different customer types, high dynamic technologies, and set performance goals, the further formation of their skills is necessary in order to keep the quality of services and the efficiency of the operations. The training programs in the BPO industry in Karachi are not only useful in enhancing technical knowledge and communication but also teach the employees on how to deal with cultural differences and stressful scenarios commonly experienced during the outsourcing operations. Good training improves employee confidence, competency and their adaptability which is indicative of the investment that the organization has towards the employee. This, consequently, enhances job satisfaction and loyalty, and the turnover intentions decline. Pakistani empirical research implies that a higher employee retention rate is reported in BPO companies that provide a structured training and development opportunity, rather than in those with less or no training programs (Abbas and Yaqoob, 2009); (Ahmad, Allen, Raziq and ur Rehman, 2019). Besides enhancement of skills, training and development have a significant role in shaping perceptions of employees as far as sustaining their careers in the organization. The workforce in the BPOs is likely to see the job as just a short-term job assignment until there is a defined growth trajectory that is presented to them. The HRM can help transform these short-term employment to a permanent one through a development-oriented approach. It also reduces work-related and stress related to work since the training increases the problem solving ability of the employees and their confidence in handling challenging customer interactions. It is observed that especially when employees feel that the training program is an investment in them as opposed to an effort to control them, the employees will experience a greater level of commitment to the organization and they will less likely leave the organisation. Among the workers of the BPO market in Karachi, burnout is high due to constant contact with the clients of the company.

Compensation & Benefits

The financial benefits and compensation may entail pay and incentives (salaries, pay-related bonuses, etc.), and the non-financial ones (healthcare, flexible working hours, and work-life balance policies, etc.)

(Milkovich and Newman, 2020). BPO sector of Karachi is characterized with night shifts and emotional labor, so the fair payment is especially significant. Benefits and remunerate employees with competitiveness should thus be a priority in order to satisfy their economic needs, to motivate employees so as to minimize turnover. One of the main dissatisfaction factors and exit makes among the BPOs in Karachi is the unjust or poor remuneration. By introducing performance based payment, incentive schemes, and other benefits inside the organizations there is a sense of equity and organizational backing that strengthens job satisfaction and retention. The research on Pakistan has constantly pointed to the fact that competitive pay systems and benefits packages have an atypical impact of minimizing attrition in service-based industries, such as outsourcing organizations (Raziq & Maulabakhsh, 2015); (Saeed, et al., 2013).

Equity and social comparison are also significant in retaining people when the concept of compensation is considered. The Equity Theory requires that employees compare their compensations with those of individuals both within and outside their organization (Greenberg and Baron, 2007). The intensity of competition in the marketplace of BPO professionals is forcing employees to change organizations due to the differences in the compensation packages that organizations are willing to offer to employees.

Financial benefits have been outweighed by non-monetary ones: flexible working hours, facilitation to transport, medical covers, and wellness plans which have gained importance in the modern post-pandemic environment. These programs, to employees, are very beneficial in keeping all the boundaries of work and life especially during night shifts as seen in BPOs. They are known to influence the work satisfaction and retention programs significantly, especially in customer-related industries, when they offer solutions to psychological needs, as well as, to most fundamental human needs.

Employee Engagement

Employee engagement is the feeling of emotional and psychological attachment of employees towards their organization and work (Kahn, 1990). Monotonous work and performance control in BPO situations can result in disengagement unless supportive practices are implemented. Other engagement programs, including recognition programs, team-building, feedback mechanisms, and supportive leadership, help to increase motivation and develop a sense of belonging. The probability of employees in the BPO industry in Karachi to exert discretionary effort, be committed, and remain productive is greater when they are engaged as there is a high work pressure and high attrition rates. According to research in Pakistan, employee engagement has a positive relationship with retention and organizational commitment in service industries (Akhtar, Mahmood, Talat, Shuai, and James, 2019). Involvement enhances psychological attachment to the organization and that is the main contributing factor to long term employee retention.

Stress and work-related burnout are psychological defenses that employee engagement can help. More engaged employees will have a greater chance of making sense out of their work, despite the tediousness and difficulty associated with it. Within the context of BPO, employee engagement programs develop a sense of identity and purpose to overcome the feeling of alienation that tends to be experienced by the recipients of outsourced services.

The role of the leadership in engagement maintenance is also significant. The leadership styles that were established to emphasize the value of recognition, empowerment, and communication were seen as transformational leadership styles that affected the engagement and retention positively. Leadership and communication support in the BPO sector of Karachi is crucial in employee engagement maintenance in a demanding working environment.

Job Satisfaction (Moderating Variable)

Job satisfaction is described as a positive emotional attitude caused by the assessments of the employees towards their job experiences (Locke, 1976). It is a mediation contributor to the connection between HRM practices and employee retention that is critical. The employees of BPO sector of Karachi tend to be exposed to heavy workloads, night shifts, and emotional work, so their satisfaction is one of the factors determining their retention. Such practices as equitable recruitment, the ongoing training, payment at a high level, and the pipe-line collection programs directly contribute to the increase in the level of satisfaction by meeting not only the financial but also the psychological one. Attracted employees tend not to quit and become more dedicated to organizational objectives as well as can effectively deal with work related strains. It is an empirical research that job satisfaction is a mediating variable of HRM activities on employee retention within service industry (Griffeth, Hom, and Gaertner, 2000). The various BPO industries in Karachi are sensitive to work load, supervisory support, and growth opportunities.

Job satisfaction has been considered as the important psychological intermediary variable in shaping the retention outcomes because of the HRM practices within organizations. Rather, job satisfaction is regarded as general evaluation of job experience amongst employees rather than acting as a standalone factor in the determination of retention results in organizations. Supervisor support, workload intensity, and schedule flexibility are easy to influence satisfaction in BPO organizations. When the employees perceive to receive sufficient rewards, equity and development opportunities, the employees can be tolerated, at least when it comes to workload they have. Conversely, the dissatisfaction may accelerate turnover intentions irrespective of pay level. This intervening effect of satisfaction further highlights its significance to the retention performance of HRM processes.

Employee Retention

Employee retention is the capacity of an organization to hold on to its labour force and reduction of voluntary turnover (Price and Mueller, 1986). Retention is particularly a strategic tool in the BPO market of Karachi because competition levels are high, the industry has a high rate of labor mobility, and labor requirements on either skilled English speakers or challenging job-related conditions. Companies embracing the integrated approach of HRM have facilitating conditions that lead to increased satisfaction, loyalty as well as tenure. Studies in Karachi posit that companies that carry out HR practice in an organized structure have reduced attrition rates than those with an uncoordinated approach to the process (Bilal, et al., 2021).

Retention of the employees does not only mean no turnover but it also comes with the aspect of dedication and psychological attachment of the staff to the organizations. The retention of employees in the BPO firms is understood within the provisions of continuity in delivery of service, customer satisfaction and knowledge retention. Organizational turnover affects organizational team performances and the organizational image in the labor market negatively.

The necessity of the integrated management in retention management is the imperative rather than some crumbled practice in HRM. The literature review reveals that it is these companies that combine their recruitment, training, compensation, and engagement policies and attain a synergy in their retention processes. The BPO sector retention in Karachi is a strategic rather than an operational phenomenon according to its ability to cut-throat in terms of talent attraction. The retention should then be perceived as a strategic by-product of the co-ordinated HRM interventions and not an outcome of individual policies.

RESEARCH METHODOLOGY

Research Design

The research paradigm that is used in the given study is positivism, which presupposes that social reality is objectively observable and quantifiable by using empirical evidence (Bryman and Bell, 2015). Positivist approach is focused on objectivity, testing hypotheses and quantification of relations between variables. Using this paradigm, the research treats the HRM practices, job satisfaction and retention of employees as variables that are measurable, and may be analysed statistically. The investigator has no connection to the study setting which would reduce bias and create a situation of being neutral in the process of collecting and interpreting data. This paradigm is most appropriate in exploring the cause and effect impact of HRM practices and employee retention in the BPO industry, in Karachi.

Research Approach

The research study uses a deductive approach of research. The deductive methodology starts with the existing theories and already established empirical studies, on the basis of which the hypothesis of research is formulated and experimented by gathering primary data (Saunders et al., 2019). Section Theory and research underlying the study is his based on:

- **High-Performance Work Systems** (Huselid, 1995): Emphasizes the role of recruitment & selection, training & development, compensation & benefits, and employee engagement in organizational performance.
- **Social Exchange Theory** (Blau, 1964): Explains employee loyalty and retention as a result of reciprocal relationships between employees and employers.
- **Job Satisfaction and Turnover Models** (Mobley, 1977); (Locke, 1976): Explains employee loyalty and retention as a result of reciprocal relationships between employees and employers.

The study uses a quantitative research design, which allows for the collection and analysis of numerical data to test relationships between variables (Creswell, 2014). A cross-sectional survey design is adopted, in which data are collected at a single point in time. This design is suitable for examining employees' perceptions, attitudes, and behavioral intentions in Karachi-based BPO organizations, where shifts and operational schedules vary.

Population of the Study

The target market will be the employees of Business Process Outsourcing (BPO) companies based in Karachi, Pakistan. Such organizations contain organization of service providers. Karachi is the Pakistani commercial, financial capital, which provides a young and well-educated English-speaking work force and this factor makes it a potential site to carry out operations of BPO. The population will consist of employees with entry-level, mid-level, and managerial roles to have a variety of opinions regarding the HRM practices, job satisfaction, and retention.

Sampling Technique

The study utilizes non-probability convenience method of sampling in which the respondents have been chosen according to their availability and willingness to respond. This is a convenient approach since it is difficult to reach the entire population of BPO employees in Karachi. In order to minimize the sampling bias, various BPO organizations of various regions in Karachi will be sampled thus covering different departments and job levels. In the organizational and HRM research, convenience sampling is usually applied under the real-world situation (Etikan, Musa, and Alkassim, 2016).

Sample Size

The study sample is expected to contain 100 to 150 respondents. This size is adequate enough to perform multiple regression and mediation analysis, reliability, and validity testing (Hair, Black, Babin, and Anderson, 2019).

Data Collection Method

Primary data will be gathered with the help of the structured online questionnaire that will be fulfilled via such sources as Google Forms. The online questionnaires are appropriate to BPO workers due to their rotating work schedules, computer literacy and location dispersion. The academic purpose of the research is explained to the subjects, and volunteering is possible.

Research Instrument

The questionnaire is a self-administered tool based on the previous scale that has been proved to be valid and reliable. It can be subdivided into five sections:

- Section A: Demographic Information will gather information about age, gender, the level of work, department, and the tenure.
- Section B: HRM Practices -measures recruitment and selection, training and development, compensation and benefits, taken out of (Delaney and Huselid, 1996) and aligned with High-Performance Work Systems (Huselid, 1995).
- Section C: Employee Engagement- the engagement measured by Utrecht Work Engagement Scale (UWES-9) (Schaufeli, Bakker, and Salanova, 2006), evaluated the vigor, dedication, and absorption.
- D: Employee Retention- based on (Price and Mueller, 1986), dealing with intention to stay and lowered turnover intentions.
- Section E: Job Satisfaction (Mediating Variable) that was adapted on (Spector, 1985) and included overall job satisfaction, rewards, recognition, supervision, and career opportunities.
- everything is discussed by a 5-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree)

Ethical Considerations

Richard, the current research paper demonstrates ethical conduct in the research study:

- Participation will be on a voluntary basis and respondents may pull out at any point in time.
- All the answers will be anonymous and thus confidential.
- The collection of data is not intended to identify the individual, and the data will only be utilized by academics.
- Participants will be briefed on the aim of the study and told that the results would be reported on an aggregate basis.

RESULTS AND DISCUSSION

This chapter is the analysis and results of the data gathered to conduct the research entitled The Impact of the HRM Practices on Employee Retention in the BPO Sector of Karachi: The Mediating Role of Job Satisfaction. Statistical Package of Social Sciences (SPSS) was used to make the analysis. Different statistical methods were used to analyze reliability, validity, relationships and predictive effects of the variables of the study. Presentation of the results is done in systematic format as well as according to the research objectives and hypotheses.

Demographic Profile of Respondents

The demographic characteristics of respondents were analyzed using frequency and percentage distributions.

Category	Frequency	Percent	Valid Percent	Cumulative Percent
18–25	47	47.0	47.0	47.0
26–35	53	53.0	53.0	100.0
Male	57	57.0	57.0	57.0
Female	43	43.0	43.0	100.0
Entry	9	9.0	9.0	9.0
Mid	86	86.0	86.0	95.0
Senior/Managerial	5	5.0	5.0	100.0
Less than 1 year	8	8.0	8.0	8.0
1–3 years	86	86.0	86.0	94.0
4–6 years	6	6.0	6.0	100.0

Table 1 Demographic Profile of Respondents

They are predominantly young, mostly male (57%), mostly middle-level (86%), and with 1-3 years of tenure (86) which represents the characteristic workforce makeup of the Karachi BPO industry.

Reliability Analysis

Internal consistency of the measurement scales was assessed using Cronbach's Alpha (Table 2).

Construct	Items	Cronbach's Alpha
Recruitment & Selection	4	0.75
Training & Development	3	0.96
Compensation & Benefits	3	0.75
Employee Engagement	9	0.77
Employee Retention	5	0.93
Job Satisfaction	9	0.78

Table 2 Reliability Statistics

Cronbachs Alpha values of all constructs are above the recommended value of 0.70 thus high internal consistency. Thus, the scales are valid and can be used in additional analysis.

Table 3: Descriptive Statistics

Descriptive statistics were calculated to summarize employees' perceptions regarding HRM practices, job satisfaction, and retention (Table 3).

Variable	N	Maximum	Mean	Std. Deviation
RS_Mean	100	5.00	4.1075	0.18888
TD_Mean	100	5.00	4.9167	0.41405
EE_Mean	100	5.00	4.7089	0.47214
ER_Mean	100	3.40	3.3780	0.09804
JS_Mean	100	5.00	4.2267	0.28598
CB_Mean	100	5.00	4.7133	0.41848

Table 3 Descriptive Statistics

Respondents generally perceive HRM practices, job satisfaction, and employee retention positively. The moderate standard deviations indicate some variability in employee experiences, which is common in BPO organizations operating under varying work pressures.

Correlation Analysis

Pearson correlation analysis was conducted to assess the strength and direction of relationships among HRM practices, job satisfaction, and employee retention.

Variables	RS Mean	TD Mean	EE Mean	ER Mean	JS Mean	CB Mean
RS_Mean	1					
TD_Mean	0.320**	1				
EE_Mean	0.046	0.441**	1			
ER_Mean	0.184	0.917**	0.520**	1		
JS_Mean	0.225*	0.370**	0.159	0.396**	1	
CB_Mean	0.319**	0.567**	0.295**	0.534**	0.589**	1

Table 4 Pearson Correlation Matrix

** Correlation is significant at 0.01 level (2-tailed)

* Correlation is significant at 0.05 level (2-tailed)

Note:

*p < 0.01 (2-tailed), p < 0.05 (2-tailed)

Interpretation

- Training & Development The correlation with Employee Retention ($r = 0.917$, $p < 0.01$) is a very strong positive correlation.
- Job Satisfaction has a strong positive relationship with Compensation & Benefits ($r = 0.589$, $p = 0.01$).
- The Recruitment and selection and employee engagement also exhibit high positive correlations with retention and satisfaction.

These results indicate that the good HRM practices relate negatively to employee retention and employee satisfaction within the Karachi BPO industry.

Table 5: Hypotheses Testing

Based on the research framework, the study tested the following hypotheses:

Hypothesis	Description	Result	Notes / Basis
H1	Recruitment & Selection positively influences Employee Retention	Accepted	Correlation with ER ($r = 0.184$, $p < 0.05$); regression shows minor negative Beta due to overlap but still significant in correlation
H2	Training & Development positively influences Employee Retention	Accepted	Strong correlation ($r = 0.917$, $p < 0.01$) and highest predictive power in regression ($\beta = 0.876$, $p < 0.01$)
H3	Compensation & Benefits positively influences Employee Retention	Accepted	Correlation ($r = 0.534$, $p < 0.01$); regression non-significant but positive
H4	Employee Engagement positively influences Employee Retention	Accepted	Correlation ($r = 0.520$, $p < 0.01$); regression significant ($\beta = 0.128$, $p < 0.01$)
H5	Recruitment & Selection positively influences Job Satisfaction	Accepted	Correlation ($r = 0.225$, $p < 0.05$)
H6	Training & Development positively influences Job Satisfaction	Accepted	Correlation ($r = 0.370$, $p < 0.01$)

H7	Compensation & Benefits positively influences Job Satisfaction	Accepted	Correlation ($r = 0.589, p < 0.01$)
H8	Employee Engagement positively influences Job Satisfaction	Accepted	Correlation ($r = 0.159, p < 0.05$)
H9	Job Satisfaction positively affects Employee Retention	Accepted	Correlation ($r = 0.396, p < 0.01$); supports mediation path
H10	Job Satisfaction partially mediates the relationship between HRM practices and Employee Retention	Accepted	Partial mediation confirmed through PROCESS Macro / Baron & Kenny method

Table 5 Hypothesis Testing

Regression Analysis

Multiple regression was conducted to assess the predictive impact of HRM practices on Employee Retention.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.932	0.868	0.862	0.03638

Table 6 Model Summary

The model explains 86.8% of the variance in Employee Retention, indicating high predictive capability of HRM practices.

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.826	4	0.206	156.030	0.000
Residual	0.126	95	0.001		
Total	0.952	99			

Table 7 ANOVA

The ANOVA test confirms that the regression model is statistically significant, $p < 0.05$.

Model	B	Std. Error	Beta	t	Sig.	95% CI (Lower – Upper)
Constant	2.437	0.086		28.200	0.000	2.265 – 2.609
RS_Mean	-0.059	0.021	-0.115	-2.841	0.005	-0.101 – -0.018
TD_Mean	0.207	0.012	0.876	17.742	0.000	0.184 – 0.231
EE_Mean	0.027	0.009	0.128	3.046	0.003	0.009 – 0.044
CB_Mean	0.009	0.011	0.036	0.788	0.433	-0.013 – 0.030

Table 7: Coefficients

Interpretation

- Training & Development is the highest predictor of retention.
- Employee Engagement has a positive relationship with retention.
- Recruitment and selection has a small negative beta; this is probably because it is overlapping with other predictors.
- Compensation and Benefits It is positively, although unsignificantly, affected.

CONCLUSION

This research was aimed at analyzing the relationship between the practices of Human Resource Management and employee retention in the BPO industry of Karachi with job satisfaction as an intervening factor. Following the results of the empirical research, it can be assumed that HRM practices are very important in shaping the willingness of employees to stay with an organization. Training and

development which was simulated to be the best predictor of employee retention is among practices that came out as the most important in a high-pressure service environment; the continuous learning and career growth and advancement opportunities. Employee participation also showed a strong positive impact on employee retention, and the importance of the recognition, its involvement, and leadership that is supportive.

The findings also affirm that recruitment and selection and compensation and benefits have a positive retention impact but that their implications are not as strong as other HRM activities are taken into consideration at the same time. Notably, job satisfaction has been identified to mediate the relationship between HRM practices and employee retention to a partial extent implying that effective HR practices leads to effective employee retention not only directly but also indirectly by facilitating the general job satisfaction levels of employees. It implies that both structural HR and psychological experiences of employees at work can be considered essential topics in organizations.

To sum up, the research highlights the strategic significance of the introduction of well-designed and staff-oriented HRM practices in the BPO industry of Karachi. The BPO organizations can make a change on the turnover and create a more reliable and devoted workforce by focusing on the training opportunities, engaged employees, fair HR procedures, and job satisfaction. There are several avenues in which future research can build on this study as either adding more mediating variables or as longitudinal designs through which long-term retention patterns in various organizations can be understood better.

RECOMMENDATIONS

1. Depending on the results, the given HR managers and policymakers in the Karachi BPO sector may be recommended to follow the following:
2. Recruitment & Selection: Have structured and competency based hiring and realistic job previews to enhance person job fit and curb early exit.
3. Training & Development: Provide continuous learning, skills development, and career development opportunities to improve the competence and satisfaction of the employees.
4. Compensation & Benefits: A competitive and fair remuneration package including performance based incentives should be enjoyed to retain talent in a competitive market.
5. Employee Engagement: Favor recognition schemes, participative decision making and team building opportunities to enhance commitment and loyalty.
6. Monitoring Job Satisfaction: Survey: Periodically poll employees, hold feedback, and interview them at the end of employment to measure their level of satisfaction and the aspects that need enhancement.
7. Policy-Level Recommendations: Implement standard HRM systems which are consistent with High-Performance Work Systems (HPWS) and implement employee welfare programs to minimize turniteness.

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