EMPLOYEE RETENTION IN THE PAKISTAN TELECOM INDUSTRY:

A Case Study on Mobilink

Name: Maheen Akhtar
Program: MBA 2K4 (B)
Reg No 2004-NUST-MBA-48
Majors: Human Resource Management

Supervised By
Mr. Imran Nazir

National University of Science and Technology
Rawalpindi

In the Name of God Almighty.

For my Beloved Family!

Project Summary

Project Name:	**EMPLOYEE RETENTION IN THE PAKISTAN TELECOM INDUSTRY: A Case Study on Mobilink**
Organization:	**Mobilink**
Degree:	**MBA-2004**
Submitted By:	**Maheen Akhtar**
Submitted To:	**Mr. Imran Nazir**
Starting Date:	**July 20, 2006**
Ending Date:	**September 30, 2006**
Tools Used:	**MS Word**

ABSTRACT

Employee retention is one of the challenges facing many business organizations today. For many organizations, strategic staffing has become a concern because the ability to hold on to highly talented core employees can be crucial to future survival. This research study examines the current human resource management (HRM) practices of the Pakistani Telecom Industry by taking the example of Mobilink and considering the retention of their core employees. In particular, the research identifies the core elements of HRM practices, which strongly influence the decision for top employees to stay.

The study is based on using the qualitative method and interviews were conducted to analyze the current retention techniques being employed at the company. The findings reveal greater insights into the HRM-retention relationship and provide empirical validation of the relationship. More specifically, the research identifies retention factors that influence the decision of top employees to stay. These specific factors consist of two types of practices: *HR factors* (e.g., person-organizational fit, remuneration, reward and recognition, training and career development, challenging job opportunities) and *Organizational factors* (e.g., leadership behavior, company culture and policies, teamwork relationship and satisfactory work environment).

The findings of this study reveal positive significant co-relationships between the retention factors and organizational commitment. The study produces a model suitable for use by human resource practitioners in Pakistani industries as a guide in determining what initiatives an organization should adopt to retain their critical employees. This research has also made a contribution by illuminating the current employment relationships in global organizations and providing relevant empirical evidence to support the theory.

ACKNOWLEDGEMENTS

I would first like to thank God Almighty for giving me the wisdom to complete this research study.

I would like to take this opportunity to thank several people who have assisted me directly or indirectly in successfully completing this momentous task. My deep appreciation is extended to my supervisor, Mr. Imran Nazir, for his immense support, training, wisdom and proper guidance. He is an eloquent human being who has been an ongoing basis of motivation to me.

None of this would have been possible without the loving and caring support of my family and I would especially thank my mother who has always been a source of encouragement to me.

I would like to pay a deep gratitude to the employees of Mobilink, including Mr. Abid Nadeem, Mr. Faraz, Mr. Sarfraz Kayani, Ms. Kanwal, Ms. Najia and Mr. Sohaib who spent their precious time for giving me the required information.

Appendices

Bibliography

References

Form TH-2
1/94
MASTER PROGRAMME
OF STUDY
(MUST BE TYPE WRITTEN)

MASTER'S THESIS WORK
SCHEDULE FOR PRELIMINARY EXAMINATION
(Approval of Research Topic)

Name of Student: Maheen Akhtar

N.I.D. Card Number: 61101-4877539-8

Thesis Topic: Employee Retention in the Pakistan Telecom Industry: A Case Study on Mobilink.

Target date for examination: 14th July. 2006.

Advisor: Mr. Imran Nazir

Note: This form should be in the Institute Examination Branch one week in advance of the target date. The examination must be held within a period of from six days before to six days after the target date. In the event of a multipart preliminary examination, only the last segment must be scheduled.

Signature of advisor: _____ Date: 14th July. 2006.

.

For College use.

Actual date of preliminary examination: _____

Resolution with Form TH-2A: _____

Form TH-2A
1/94
MASTER PROGRAMME
OF STUDY
(MUST BE TYPE WRITTEN)

National University of Sciences & Technology
MASTER'S THESIS WORK
REPORT OF PRELIMINARY EXAMINATION

Student's Name: Maheen Akhtar NID No: 61101-4877539-8

Institute: NUST Institute of Management Sciences This is a:

_____ First preliminary examination
_____ Second preliminary examination following as unsuccessful first attempt.

Target date as specified on BS Form TH-2 14TH July,2006.
Actual Date on which examination occurred 14TH July,2006.
(For multi-part examinations dates, refer to the final part only)

Results of the examination: _____PASS _____FAIL

Guidance & Examination Committee

Committee members voting to PASS	Committee members voting to FAIL
1. Mr. Naukhez Sarwar	
2. Ms. Zeenat Jabbar	
3. Ms. Asfia Obaid	
4. Mr. Imran Nazir (Advisor)	
Advisor (committee chair)	Advisor (committee chair)

_____ 14th July. 2006.
Signature of Advisor Date

If, following failure of a first examination, a second is to be permitted, please list the conditions that must be met beforehand.

_____

_____

It is the student's responsibility to submit this form to Examination branch within two working days of the examination

For Institute use only
Resolution of this form with Form TH-2: _____

_____
DG NIMS

Form TH-3
1/94
MASTER PROGRAMME
OF STUDY
(MUST BE TYPE WRITTEN)

National University of Sciences & Technology
MASTER'S THESIS WORK
Final Oral Exam

Institute: NUST Institute of Management Sciences Specialization: Human Resource Management.

ABSTRACT

Employee retention is one of the challenges facing many business organizations today. For many organizations, strategic staffing has become a concern because the ability to hold on to highly talented core employees can be crucial to future survival. This research study examines the current human resource management (HRM) practices of the Pakistani Telecom Industry by taking the example of Mobilink and considering the retention of their core employees. In particular, the research identifies the core elements of HRM practices, which strongly influence the decision for top employees to stay.

The study is based on using the qualitative method and interviews were conducted to analyze the current retention techniques being employed at the company. The findings reveal greater insights into the HRM-retention relationship and provide empirical validation of the relationship. More specifically, the research identifies retention factors that influence the decision of top employees to stay. These specific factors consist of two types of practices: *HR factors* (e.g., person-organizational fit, remuneration, reward and recognition, training and career development, challenging job opportunities) and *Organizational factors* (e.g., leadership behavior, company culture and policies, teamwork relationship and satisfactory work environment).

The findings of this study reveal positive significant co-relationships between the retention factors and organizational commitment. The study produces a model suitable for use by human resource practitioners in Pakistani industries as a guide in determining what initiatives an organization should adopt to retain their critical employees. This research has also made a contribution by illuminating the current employment relationships in global organizations and providing relevant empirical evidence to support the theory.

Attached as per Anx A.

Open to Public

Location: Class Room No 4, NUST Institute of Management Sciences Time: 12:00 Hrs
Date: 5th October,2006.

_____
Thesis Advisor

Form TH-4
1/94
MASTER PROGRAM
OF STUDY
(MUST BE TYPE WRITTEN)

National University of Sciences & Technology
MASTER'S THESIS WORK

WE HEREBY RECOMMEND THAT THE DISSERTATION PREPARED UNDER OUR SUPERVISION BY: Maheen Akhtar

ENTITLED: Employee Retention in the Pakistan Telecom Industry: A Case Study on Mobilink.

BE ACCEPTED AS FULFILLING IN PART OF PHILOSOPHY.

Guidance & Examination Committee

Member 1. Mr. Naukhez Sarwar Signature: _____

2. Ms. Zeenat Jabbar Signature: _____

3. Ms. Asfia Obaid Signature: _____

Advisor/Supervisor: Mr. Imran Nazir Signature: _____
Date : 5th October,2006.

_____
DG NIMS

TABLE OF CONTENTS

PROJECT SUMMARY
ACKNOWLEDGEMENTS
ABSTRACT

CHAPTER 1 --INTRODUCTION:

1.0 INTRODUCTION 1
1.1 Objective of the Study 2
1.2 Significance of the Study 3
1.3 Research Focus 3
1.4 Scope of Research 3
1.5 Methodology 4
1.6 Limitations 4
1.7 Layout of the thesis 4
1.8 Conclusion 5

CHAPTER 2 --TELECOM SECTOR OF PAKISTAN:

2.0 ABOUT PAKISTAN 6
2.1 Economic history - an overview 6
2.2 Industries 8
2.3 Services Sector 8
2.4 Telecommunications 8
2.4.1 Mobile Market 8
2.5 About Mobilink 9
2.5.1 Mobilink's Vision 9
2.5.2 Structure of the Organization: 9
2.5.3 Human Resources 10
2.5.4 Mobilink's Values 11
2.5.5 Strategies of the Organization 11
2.5.5.1 Corporate level Strategy: 11
2.5.5.2 Business level Strategy: 12
2.5.5.3 Functional level Strategy: 12
2.6 Conclusion 12

CHAPTER 3 --LITERATURE REVIEW:

3.0 INTRODUCTION 13
3.1 The Rise of Employee Retention as a Management Tool 14
3.2 Strategies for Retaining Employees 15
3.3 Retaining Key Employees 15
3.4 Applying HR Practices for Retention 15
3.5 Effective strategies for retaining and recruiting employees 18
3.5.1 Recruiting the best employees 18

3.5.2 Selection (Person Organization Fit) 20
3.5.3 Compensation-- Remuneration, reward and recognition of employee value .. 21
3.5.3.1 Compensation as Motivation 23
3.5.3.2 Compensation as a Team-Builder 23
3.5.3.3 Compensation as a Form of Accountability 23
3.5.3.4 What to Include in the Compensation Plan 24
3.5.4 Training and career development 27
3.5.5 High-performing employees need recognition 28
3.5.5.1 Meaningful Rewards 29
3.5.5.2 Praise 29
3.5.6 Job Design and Empowerment 29
3.5.7 Employees must have meaning in their jobs 30
3.5.8 Performance evaluations 30
3.5.9 Promotions 30
3.5.10 Work-life balance 30
3.5.11 Valuing older workers 31
3.5.12 Challenging employment assignment and opportunities 31
3.6 Organizational Factors Influencing Retention 32
3.6.1 Mentoring and Coaching 32
3.6.1.1 Managers as Mentors 34
3.6.2 Company culture and structure (policies) 35
3.6.3 Satisfactory working environment 35
3.6.4 Work Content 37
3.6.5 Exit Interviews 37
3.7 Conclusion 37

CHAPTER 4 --RESEARCH METHODOLOGY:

4.0 INTRODUCTION 39
4.1 Different Research Methods 39
4.2 Quantitative Research Method 40
4.2.1 Advantages 40
4.2.2 Disadvantages 41
4.3 Qualitative Research Method 41
4.3.1 Advantages 42
4.3.2 Disadvantages 42
4.4 Case Study as a Research Method 44
4.5 Sample Population 45
4.6 Methodology 45
4.7 Advantages of Interview Methodology 46
4.8 Types of Interviews Conducted 47
4.9 Interview Format 47
4.10 Interview Data Collection and Analysis 48
4.11 Conclusion 48

CHAPTER 5 --ANALYSIS AND FINDINGS:

5.0 INTRODUCTION 49
5.1 Formation of a separate OD Department 50
5.2 HR Practices 50
5.2.1 Recruitment 50
5.2.2 Selection 52
5.2.3 Compensation 53
5.2.3.1 Elements of Compensation 54
5.2.4 Training 57
5.2.4.1 Different Programs 58
5.2.5 Employee Recognition 58
5.2.6 Job Design and Empowerment 58
5.2.7 Performance Evaluation 59
5.2.8 Work-life balance 60
5.2.9 Challenging employment assignment and opportunities 60
5.3 Organizational Factors Influencing Retention at Mobilink 60
5.3.1 Mentoring and Coaching 60
5.3.1.1 Town Hall Meetings: 61
5.3.1.2 Breakfast Meetings: 62
5.3.1.3 Meetings outside the office: 62
5.3.2 Company culture and structure 63
5.3.3 Stress Management Interventions 63
5.3.3.1 Cafeteria: 63
5.3.3.2 Gym and Recreation centre (Wellness Program): 64
5.4 Conclusion 64

CHAPTER 6 --CONCLUSION AND RECOMMENDATIONS:

6.1 CONCLUSION 65
6.2 RECOMMENDATIONS 66

Appendix

CHAPTER ONE
INTRODUCTION

1.0 INTRODUCTION

Organizations today constantly wrestle with revolutionary trends: accelerating product and technological changes, global competition, deregulation, demographic changes, and at the same time, they must strive to implement trends towards a service and information age society (Kane 2000). Due to this tumultuous business environment, one of the challenges facing many business organizations is the retention of critical or core employees. Society has now become knowledge-based where clearly human capital is considered a key resource and indispensable to the survival of businesses.

Increasingly, organizations are competing for the best talent employees (Porter 2001). New paradigm companies recognize that an important element in business management practices is the need to successfully motivate and retain high talent employees who survive organizational restructuring, downsizing, consolidation, reorganizing or re-engineering initiatives (Clark 2001).

For many organizations, strategic staffing has become an important issue because the ability to hold on to highly talented core employees can be crucial to future survival (Ettorre 1997; Whitner 2001). The loss of needed talent is costly because of the resultant bidding up of market salaries for experienced hires to replace them; the costs of recruiting and assimilating new talent; the lost investment in talent development; and the hidden costs of lost productivity; lost sales opportunities; and strained customer relationships (Eskildsen and Nussler 2000). Statistics show that while the annual turnover rate at established organizations is only 6 percent, the cost of replacing an employee usually amounts to a quarter of an individual's annual salary. A company with 50,000 employees incurs replacement costs approaching $18 million a year (Davies 2001; Ettorre 1997).
By adopting an effective total retention strategy with the support of relevant HR programs, businesses may successfully keep critical employees. This research examines

the current human resource practices on the retention of core employees in the telecom sector of Pakistan by studying retention strategies of Mobilink. It explores the relationship between human resource (HR) practices and retention and further identifies the elements of HR practices which strongly influence the decision for core employees to stay. The results from this study may assist in the development of an effective HRM retention program for organizations in the future.

Several studies also suggest that high-involvement work practices will enhance employee retention (Arthur 1994; Huselid 1995; Koch and McGrath 1996). Various frameworks or models are used by organizations to address retention and commitment and some of the key factors are increasingly adopted (Beck 2001; Clarke 2001; Parker and Wright 2001; Stein 2000). This research study focuses on the retention strategies adopted by Mobilink, Pakistan.

1.1 Objective of the Study

The aim of this study is to investigate and determine the current human resource practices on the retention of core employees in Pakistani Telecom Sector by considering one of the top leaders in the market; Mobilink. It will examine the relationship between HR practices and retention and further identify the elements of HR practices, which strongly influence the decision for core employees to stay. The aim is to highlight the retention strategies used by Mobilink to keep its top talent within the company in this highly competitive market. Results from this study will assist in the development of an effective HRM retention program for organizations. Employee retention is a highly important strategic tool for corporations. It may improve employers' chances of selecting employees who will become committed to their organization and also improve their ability to retain highly skilled and motivated employees.

The key objectives of the research study are as following:

1. To analyze the role of HR practices (e.g. recruitment and selection, compensation, training and development) for effective retention.

2. To study the retention strategies made by Mobilink and determine the success rate.
3. To investigate the role of managers as leaders and the effects of mentoring and coaching programs.
4. To recommend the enhancements that Mobilink can make to its current retention strategies.

1.2 Significance of the Study

With the growing number of telecom companies in the recent years, there has been an increasing trend of these companies to attract employees of competitors. Hence retention of top talent has become a major issue. The focus has been on separating employees from the company, not reinforcing the bonds. The high attrition rate of core employees is costly to corporations. Loss of key talent results in the stripping of valuable human capital, critical skills (Entrekin 2001). Organizations not only suffer from lost productivity but also lose the knowledge that these critical employees possess that can be beneficial to the company. High-performing employees know the industry, competitive strengths and weaknesses, products, customers and processes. The tacit knowledge is a significant part of corporate equity (Gutherie 2001; Hom and Griffeth 1995; Huselid 1995; Oh 1997). There has also been considerable interest in the management literature concerning the development of core competences in order to enhance corporate competitiveness and performance (Prahalad and Hamel 1990). Retaining these valued core employees is therefore a strategic issue and a competitive business advantage. Thus, this study also helps in analyzing the new trends and recommend newer strategies to companies so that they can retain their key employees.

1.3 Research Focus

The focus of the research revolves around the question" "What are the most influential HRM factors in encouraging core employees to remain with their organization?"

1.4 Scope of Research

The research study encompasses the Human Resource practices that are important in the retention of top employees in Mobilink. In addition to that, it entails other programs like mentoring and coaching that help keep top talent within the company. Thus, the thesis

discusses the strategies that are used by the Pakistani Telecom Sector. The HR practices and policies have been discussed in detail since the literature review focuses on how these practices are closely linked to retention of employees. Hence, the study would help in giving recommendations to companies in the enhancement of their retention strategies by comparing the strategies followed in Pakistan with the retention techniques shown in the literature review.

1.5 Methodology

This research study required a lot of information that has been gathered through various means. The methodology included interviews of HR personnel at Mobilink, management books, study of literature, various references (from libraries), and internet.

1.6 Limitations

Some limitations were encountered while working towards the completion of the thesis. One of these is that most information is confidential and the company was reluctant to share data in great detail. Secondly there has been little research done on the retention topic in Pakistan and few companies are following these strategies or realize its importance.

Another limiting factor was the time constraint. Within two months, data was collected. At the same time, another restraint was that retention strategies are followed by managers; hence only limited interviews could be conducted. Lower level employees could only be asked about their satisfaction with their jobs and whether they wanted to continue working here or planning to move. But the main information had to be taken from managers who did not have enough time to spare, due to their commitments. Since for this research, only qualitative methods could be employed, thus the trends cannot be generalized and the validity of information is an issue.

1.7 Layout of the thesis

Chapter 1: ***Introduction.*** Explains the objectives of the research, its significance and scope, as well as the limitations and methodology.

Chapter Two: ***Telecom Sector of Pakistan.*** This chapter first gives a brief introduction of Pakistan including its area, GDP, industries etc. It then discusses the telecom sector and gives the introduction of Mobilink, including its management and structure.

Chapter Three: ***Literature Review.*** Provides an overview of the literature relating to retention and the HR factors that might have an impact on the retention of employees. It illustrates a range of variables that should be considered when evaluating the influence of HR practices on retention.

Chapter Four: *Research Methodology.* Explains the research method employed in the research study and why the qualitative method was most suitable.

Chapter Five: *Analysis and Findings.* This chapter analyzes the retention strategies of Mobilink by comparing these with the literature review.

Chapter Six: *Conclusion and Recommendations.* It is the ending chapter which includes some recommendations to the telecom companies on how to improve their retention techniques.

1.8 Conclusion

This chapter described the importance of retention in the context of HRM. It explained the objectives and significance of the research and identified the research questions. It also focused on the limitations encountered during the study.

CHAPTER TWO

TELECOM SECTOR OF PAKISTAN

2.0 ABOUT PAKISTAN

Pakistan, officially the Islamic Republic of Pakistan is a country located in South Asia that overlaps with the Greater Middle East. It has a thousand-kilometer coastline along the Arabian Sea in the south and borders Afghanistan and Iran to the west, India to the east and the People's Republic of China in the far northeast. The population of Pakistan is 148,438,000 and its total area is 803,940 sq. km.

Pakistan is the sixth most populous country in the world, is home to the second most populous city in the world, and is the second most populous Muslim country. It was established as a modern state on 14th August, 1947, as one of the two parts of the partitioned British India.

Since independence, Pakistan has experienced times of significant military and economic growth, and times of instability, with the secession of East Pakistan (present-day Bangladesh). Pakistan has the seventh largest armed forces in the world and is a declared nuclear weapons state.

2.1 Economic history - an overview

Pakistan, a developing country, is the sixth most populous in the world and is faced with a number of challenges on the political and economic fronts throughout its history.

During much of its history, underdevelopment and poverty in parts of Pakistan - as well as fiscal mismanagement obscured the potential of a country with the resources and entrepreneurial skill to support rapid economic growth. However, the economy averaged an impressive growth rate of 6% per year during the 1980s and early 1990s. Throughout the Eighties, Pakistan was the third largest receipient of US developmental aid after Israel and Egypt. In the twentieth century overall, its economic growth rate was better than the world average, but imprudent policies led to a slowdown in the late 1990s. Since then, the

Pakistani government has instituted wide-ranging reforms, and economic growth has accelerated in the current century. Pakistan's economic outlook has brightened and it's manufacturing and financial services sectors have experienced rapid expansion. There has been a great improvement in its foreign exchange position and a rapid growth in hard currency reserves as a result of its current account surplus.

Pakistan, an impoverished and underdeveloped country, has suffered from decades of internal political disputes, low levels of foreign investment, and a costly, ongoing confrontation with neighboring India. However, IMF-approved government policies, bolstered by generous foreign assistance and renewed access to global markets since 2001, have generated solid macroeconomic recovery the last four years. The government has made substantial macroeconomic reforms since 2000, although progress on more politically sensitive reforms has slowed. For example, in the budget for fiscal year 2006, Islamabad did not impose taxes on the agriculture or real estate sectors, despite Pakistan's chronically low tax-to-GDP ratio. While long-term prospects remain uncertain, given Pakistan's low level of development, medium-term prospects for job creation and poverty reduction are the best in more than a decade. Islamabad has raised development spending from about 2% of GDP in the 1990s to 4% in 2003, a necessary step towards reversing the broad underdevelopment of its social sector. GDP growth, spurred by double-digit gains in industrial production over the past year, has become less dependent on agriculture, and remained above 7% in 2004 and 2005. Inflation remains the biggest threat to the economy, jumping to more than 9% in 2005. The World Bank and Asian Development Bank announced that they would provide US $1 billion each in aid to help Pakistan rebuild areas hit by the October 2005 earthquake in Kashmir. Foreign exchange reserves continued to reach new levels in 2005, supported by steady worker remittances. In the near term, growth probably cannot be sustained at the 7% level; however, massive international aid, increased government spending, lower taxes, and pay increases for government workers will help Pakistan maintain strong GDP growth over the longer term.

Pakistan's GDP ratings are as follows:

GDP: *$81.1 billion,* ***GDP growth rate:*** *5.1%,* ***GDP per capita:*** *$546*

2.2 Industries

In 1947, when Pakistan became independent, agriculture accounted for about 53% of its GDP. While per-capita agricultural output has grown since then, it has been outpaced by the growth of the non-agricultural sectors, and the share of agriculture has dropped to roughly one-fifth of Pakistan's economy. In recent years, the country has seen rapid growth in industries (such as apparel, textiles, and cement) and services (such as telecommunications, transportation, advertising, and finance).

2.3 Service Sector

Pakistan's service sector accounts for about 51% of GDP. Transport, storage, communications, finance, and insurance account for 24% of this sector, and wholesale and retail trade about 30%. Pakistan is trying to promote the information industry and other modern service industries through incentives such as long-term tax holidays.

The government is acutely conscious of the immense job growth opportunities in service sector and has launched aggressive privatisation of telecommunications, utilities and banking despite union unrest.

2.4 Telecommunications

Pakistan Telecom has emerged as a successful Forbes 2000 conglomerate with over $1 billion in sales in 2005 though Mobilink is the leader in mobile phone market which has exploded twelve-fold since 2000 to reach a subscriber base of over 34 million in 2006. In addition, there are about 6 million landlines in the country. As a result, Pakistan won the prestigious Government Leadership award of GSM Association in 2006.

2.4.1 Mobile Market

The mobile sector is characterized by robust competition – by four operators today, expanding to six by the end of 2004. As recent as January 2001 Pakistan had only 225,000 mobile subscribers. Rapid penetration began after call party pays billing was introduced in 2001. As of March 2004, the market climbed to more than 3.56 million. By year-end 2004, the total number of subscribers could reach 8 million. Industry observers believe that the addressable market by 2006/2007 may be 12-15 million. Given the

anticipated growth of the existing incumbents, the new operators licensed may face a difficult game of catch-up.

2.5 About Mobilink

The company which has been chosen is one of the most prominent firms in Pakistan. Mobilink GSM is a subsidiary of Orascom Telecom. Orascom is the market leader and provides modern and up to date solutions. Mobilink was the first cellular service provider in Pakistan to operate on a 100% digital GSM technology. Mobilink caters to a diverse group of people. Its customer base includes occasional users to businessmen.

Mobilink GSM started operations in the year 1994, from then on it has shown enormous growth. At the time when it entered the market it was a small player in the cellular market of Pakistan it is now the market leader both in terms of growth as well as having the largest subscriber base in Pakistan.

2.5.1 Mobilink's Vision

To be the leading Telecommunication Services Provider in Pakistan by offering innovative Communication solutions for the Customers while exceeding Shareholder value & Employee Expectations.

The current President & CEO of Mobilink Mr. Zouhair Abdul Khaliq was appointed on June 1, 2003. He brought with him 20 years of Board level and senior management experience primarily in the telecom and technology field. He came to the company at a very critical time because at that time the threat of the new competitors' entry into the market was anticipated. It was this anticipation that materialized when Telenor and Warid moved into the market with a massive campaign. This was a major warning for Mobilink and other companies to prepare for a tough competition. Mobilink took a proactive approach and brought in a new CEO.

2.5.2 Structure of the Organization:

Mobilink being in the Telecom sector has to stay abreast of the changes that occur due to the rapidly changing technology. Mobilink is a subsidiary of Orascom Telecom.

Mobilink was the first company to offer cellular service based on digital GSM technology.

When Mobilink entered the market it did not face competition in terms of the technology that it was offering, however from the very beginning the company has been making efforts to come up with better, more innovative ideas to provide superior services to their customers. The organization has a ***product division structure***. Now with the increasing competition the environment has become more turbulent and the competitors like Telenor and Warid are coming up with new packages. This has caused Mobilink to become more proactive to stay ahead of its competitors. Although from the vary beginning the employees in the divisions offered their innovative ideas for the development of new products the culture was not very open. There was a high level of formalization. Now with the arrival of the new CEO the communication style is more open. Employees are given more opportunities to raise their concerns and are also given more power to make decisions. Thus it can be said that the structure of Mobilink has to a certain extent changed from hierarchical to flat as employees now work in teams and the strict hierarchy is not very evident now.

2.5.3 Human Resources

The focus is to utilize the human resource to its fullest. It is considered to be a valuable part of the company. This is evident from the company's statement:

"Our people are our greatest asset. We take great pride in acknowledging the contribution each one of us makes".

People Development is ensured in the following ways:

- Mobilink is staffed with world class Professionals and it is ensured that the right systems are in place to encourage them to develop to their full potential.
- A collaborative and mutually supportive work environment is created that encourages people to grow.
- A team of professionals is built who deliver expertise by participating in business decisions.

- A Performance Management and reward systems is developed which is underlying the Business strategy.

2.5.4 Mobilink's Values

Trust & Integrity: At Mobilink, an open, honest environment is cultivated by doing what they say and saying what they do. They trust those around them and give everyone the reason to trust each other.

Commitment to Total Customer Satisfaction: At Mobilink, they realize that customer satisfaction forms the core of success. Therefore, they focus their energies on giving all customers more than they expect.

Respect for People: Their attitude towards others speaks volumes of their personality – both as individuals as well as a company. At Mobilink, they encourage their employees to offer likeable attributes for others to regard since respect for others eventually helps one gain respect for oneself.

Passion for Business Excellence: The outstanding performance of the employees is contingent upon their will to do their best. This passion for business excellence eventually translates into success for the Mobilink family.

Responsible Corporate Citizen: At Mobilink they continue to set benchmarks in terms of social responsibility and community conscience. They believe that it is their duty to be accountable towards the environment that they operate in.

2.5.5 Strategies of the Organization

2.5.5.1 Corporate level Strategy:

Mobilink is focusing on growth and is following ***"Related Diversification".*** They are moving into the business of setting up PCOs and Connect cards for the Laptop users. This is being undertaken to increase the market share.

2.5.5.2 Business level Strategy:

At the business level Mobilink follows the strategy of ***"Product Development".*** This is evident from the various innovative products and packages that Mobilink has introduced.

2.5.5.3 Functional level Strategy:

At the functional level they are following ***"Differentiation".*** This is in terms of the quality that they are offering. The image of the company is also a competitive advantage for it. The service provided by Mobilink is being improved continuously.

2.6 Conclusion

This chapter discussed the economic condition of Pakistan and the various industries. It then discussed the telecom sector and introduced Mobilink Pakistan including its structure and strategies.

CHAPTER THREE

THE LITERATURE REVIEW

3.0 INTRODUCTION

Over the past decade, the way in which people are managed and developed at work has come to be recognized as one of the primary factors in achieving improvement in organizational performance (BQF 1998; Marchington and Wilkinson 2000; Phillips 1997). This is reflected by popular idioms such as 'people are our most important asset' (Accenture 2001). Successful organizations share a fundamental philosophy of valuing and investing in their employees (Anand 1997; Maguire 1995). In fact several research studies have described human resource management as a means of achieving competitive advantage (Delery 1998; Huselid 1995; Pfeffer 2000; Walker 2001). Consistent with this perspective, is an equally important issue for organizations, the retention of their critical employees.

As the economy improves, business leaders are dealing with new operational and financial issues, leaving them with less time to manage people resources. In this climate of increased employee dissatisfaction and greater employment opportunity, lack of management could have serious negative consequences for employee retention — perhaps just as businesses are beginning to show gains in other areas (Ferris Hochwater, Buckley, Harrell-Cook and Frink 1999; Kemske 1998).

High performing employees are beneficial to have around in any company, big or small. They hit targets, add value, contribute to the organization overall and inspire others. For the same reasons, these top performers are also those most likely to be pursued or at least actively welcomed by other organizations. Top employees also tend to have an inconveniently realistic idea of their own worth and an uncanny knack of knowing what other career options are available to them at any time. All of this taken together makes

the manager's job of retaining the best employees a delicate amalgam of motivation, support, diplomatic chastising, and inspiration.

With the average attrition rate in the Pakistani Telecom Sector currently approaching 40 percent, retention and re-recruiting is essential (Pakistan Times, Dec 2005). Most organizations today continue to struggle with retention because they are relying on salary increases and bonuses to prevent turnover (Accenture 2001; Gumbus and Johnson 2003). Essentially, more organizations are now realizing that retention is a strategic issue and represents a competitive advantage (Walker 2001; Youndt, Snell, Dean and Lepak 1996).

This chapter describes the relationship between human resource practices and the retention of core employees in the context of the Human Resource Architecture. It examines the causes of poor employee commitment and specifically explores relevant literature to identify elements of HR practices that influence employee retention.

3.1 The Rise of Employee Retention as a Management Tool

As organizations began to feel the impact of the rise of voluntary employee turnover, so a matching management tool began to be developed— employee retention. The first steps in employee retention were simply to perform iteration on the old employer-employee relationship. The first thing to realize is that job mobility is on the rise and employees will leave if they are not retained with proper retention strategies (Beck 2001; Kitay and Lansbury 1997).

The emerging work force is developing very different attitudes about their role the workplace. Today's employees place a high priority on the following:

To hold onto the employees, managers have to work counter to prevailing trends causing the job churning. Smart employers make it a strategic initiative to understand what their people want and need (Allan, 2002).

3.2 Strategies for Retaining Employees

Retaining employees and developing a stable workforce involves a two-step process--understanding why employees leave in the first place, and developing and implementing strategies to get them to stay (Abraham, 2002).

Employees leave for many reasons, some of which organizations have no control over, such as retirement, a family member being transferred or the desire to stay home to start a family. Some of the most common reasons employee leave include: employees perception of poor leadership or supervision, unchallenging positions, limited opportunity for advancement, no recognition for good performance, limited control over the work and customer, salary benefits are not commensurate with job requirements; and the opportunity for a better compensation package elsewhere (Accenture 2001; Jardine and Amig 2001). Wagar (2003) examined the relationship between an individual's intention to quit his job and the human resource management activities of the organization. The study revealed that employees of organizations with more sophisticated human resource systems were significantly less likely to indicate they intended to quit over the next two years (Arnold, 1999).

3.3 Retaining Key Employees

The research study focuses on the HR practices that are effectively used for retaining top performers in any industry and how these can help in persuading the top talent not to leave the company. It also includes other techniques like leadership that can further help in the retention of key employees.

3.4 Applying HR Practices for Retention

Researchers on retention have defined retention management as a strategic, coherent process that starts with an examination of the reasons that employees join an organization (Davies 2001; Fitz-enz 1990; Solomon 1999). Studies have indicated that it is driven by several key factors, which should be managed congruently: organizational culture and structure, recruitment strategy, pay and benefits philosophy, employee support programs, and career development systems (Fitz-enz 1990). Careful career development and planning, as well as the more typical rewards and incentives, can be powerful retention

tools. These should be effectively addressed as a corporate-wide initiative. Studies of progressive HRM practices in training, compensation and reward sharing have revealed that these can lead to reduced turnover and absenteeism, better quality work, and better financial performance (Arthur 1994; Delaney and Huselid 1996; Huselid 1995; Ichniowski, Shaw and Prennushi 1997; Snell and Youndt 1995; MacDuffie 1995; Meyer and Allan 1991; Solomon 1992; Snell and Dean 1992).

The practices that represent a high commitment strategy include sets of organization-wide human resource policies and procedures that affect employee commitment and motivation that further helps in retention of these employees. Arthur (2002) found very strong correlations between *employee retention* and productivity in high-commitment HR systems. The identified HR practices included selective staffing, developmental appraisal, competitive and equitable compensation, and comprehensive training and development activities (Ichniowski, Shaw and Prennushi 1997; MacDuffie 1995; Snell and Dean 1992; Youndt, Snell, Dean and Lepak 1996). These human resource practices can be classified as "control" or "commitment" practices (Arthur 1994; Walton 1985; Wood and de Menezes 1998).

Retention is a multi-faceted component of an organization's human resource strategies. It begins with recruiting the right people and continues with implementing programs to keep them engaged and committed to the organization. Retention strategies should be in place throughout an employee's career, including the period prior to retirement (Gopinath and Becker 2000; Levine 1995).

As the labor market continues to tighten, finding the right employees and keeping them will be increasingly important for Pakistani businesses. Understanding current trends and taking action now will give organizations a competitive advantage (Pakistan Times, 2005).

There is growing evidence that human resource management can play an important role in retaining a high-quality workforce. Studies of progressive HRM practices in training,

compensation and reward sharing have revealed that these can lead to reduced turnover and absenteeism, better quality work, and better financial performance (Arthur 1994; Delaney and Huselid 1996; Ichniowski, Shaw and Prennushi 1997; Snell and Youndt 1995; MacDuffie 1995; Meyer and Allen 1991; Solomon 1992; Snell and Dean 1992). Furthermore, an extensive study (Accenture 2001) on high performance issues identified the retention strategies of organizations primarily from US, Europe, Asia and Australia. These strategies included the following:

1. offering comprehensive training and development—to all staff, be it permanent, part-time or contract,
2. allowing staff to work on project-based assignments, broadening their skills whist keeping them challenged and interested in their work,
3. empowering and entrusting staff with responsibility,
4. ensuring that a balance exists between work and lifestyle, and that the culture is such that it supports this philosophy,
5. providing flexible work arrangements,
6. connecting staff by means of mentors or coaches,
7. ensuring staff know where they stand with regular performance appraisals, skills development programs and clear career paths
8. ensuring an effective management style, ensuring good relationships are formed and nurtured with "the boss"
9. aligning people strategies with business strategies
10. providing employee benefits such a social clubs, financial services,
11. providing free career advice, life insurance, fitness and health options
12. rewarding staff well
13. offering competitive salaries

According to Fitz-enz (1990), retention management of employees is influenced by several key factors, which should be managed congruently: organizational culture and structure, recruitment strategy, pay and benefits philosophy, employee support programs, and a training and career development system.

Consequently, organizations utilize a wide range of these HRM factors driving retention and commitment (Beck 2001; Clarke 2001; Parker and Wright 2001; Stein 2003). For the purpose of this study, these factors are reviewed and categorized into HR factors (person organization fit, remuneration, training and career development, challenging opportunities) and organizational factors (leadership behavior, teamwork relationship, company culture and policies and satisfactory work environment, coaching and mentoring programs) (Balfour, 1996).

3.5 Effective strategies for retaining and recruiting employees

Research cited in this study underscores the need for companies to take action to prevent — or mitigate — a worker shortage (Bame, 2003). Some of these strategies to ensure employee retention and adequate staffing in an increasingly robust job market are described below:

3.5.1 Recruiting the best employees

Progressive companies know that the old adage “people are your most important asset” is incorrect. People are not a company’s most important asset — the right people are. Effective managers take time during the hiring process to identify the right people for their organization. They make their decisions based on character traits and innate capabilities, rather than specific knowledge, background and skills. They also define and communicate the requirements employees need to be successful (Parker and Wright 2001; Stein 2000; Williams 1999).

When in doubt about a candidate, a wise manager doesn’t hire; he or she keeps looking for an employee with the qualifications to deliver great results. One organization with a proven track record in hiring the right employees uses recruitment tactics such as an employee referral program, realistic job previews and assessment of candidate qualifications in key areas (Beck 2001; Clarke 2001; Guest 1999; Messmer 2000; Stein 2000).

The **employee referral program** consists of a tiered bonus program that provides substantial payouts at key milestones of the new employee’s first two years, including

hire date, 90-day evaluation period, and one- and two-year anniversaries (Johns,Sanchez,Parmeswaran,Phelps, Shoptaugh & Willaims 2001).

The **realistic job preview** is, in fact, a job interview that reduces unrealistic expectations in the key areas of job duties. It provides facts about education and training programs, basis for performance evaluations, traits of current successful employees in the job, promotion and advancement opportunities, work performance and attitude expectations, and determinants of long-term success in the company (Johns,Sanchez,Parmeswaran,Phelps, Shoptaugh & Willaims 2001).

The **assessment process** involves administering tests to determine how candidates' expectations of the job compare with what the organization offers. Tests also measure areas of competency, work characteristics, and preferences regarding organizational culture as a means of assessing whether a candidate is a good fit for the company (Johns,Sanchez,Parmeswaran,Phelps, Shoptaugh & Willaims 2001).

All organizations recruit employees but there are only a few that recruit for retention. Instead of making the unrealistic assumption of "employment for life," organizations that are *recruiting for retention* hire to a new **employment contract** that realizes these new realities in the workplace. Organizations seeking to recruit for retention have developed other hiring models, reducing the centrality of core employee concept and reflecting more accurately the needs of their prospective employees (Gopinath and Becker 2000; Levine 1995).

Flexible Work

Employment status has been weakened by a combination of economic and demographic changes in the workplace, particularly the following:

1. The rise in employee mobility.
2. The availability of inexpensive communications and computer networking technologies.
3. The rise in working single parents.

4. Pressure on employers to minimize costs.

Responding to these pressures, employers aiming to recruit for retention have developed several versions of core employee status: *telecommuting, job sharing,* and the *compressed workweek* (Perry-Smith and Blum 2000; Solomon 1999).

3.5.2 Selection (Person Organization Fit)

The concept of person-job (P-J) fit emphasizes matching people and jobs in terms of qualifications based on knowledge, skill, or ability, and overlooking other personal characteristics of applicants that might be more suitable for the assessment of "fit." (Edwards 1991; Hall 1999; Lofquist and Dawis 2004). However, as the complexity of work increases, organizations now use more selection methods that capture the applicant's capability to do the work. Research on person-job fit has found that workers gravitate to jobs with complexity levels commensurate with their ability (Wilk, Desmarais, and Sackett 1995; Wilk and Sackett 1996). However, selection should also improve fit between the applicant and other aspects of the work such as e.g. personality fit and organization fit (Smith 1994).

Person-organization fit is considered in the context of personnel selection and can be based on the congruity between personal and organization beliefs (Netemeyer, Boles, Mckee and McMurian 1997; O'Reilly, Chatman and Caldwell 1991) or individual and company goals (Kristof 1996). The concept of organizational fit (Brown 1969; Kidron 1978; Steers 1977) identifies convergent goals and values between the individual and the organization as an important element to *retention*. Barnard (1998) defined organization fit as an individual's willingness to cooperate in an organization as cohesion and proposed that “its immediate cause is the disposition necessary to ‘sticking together.” Selection should therefore consider improving fit between an applicant's values and the organization culture (Cable and Judge 1997) so that the employees feel comfortable working there and do not leave the organization.

Lauver and Kristof-Brown (2003) found that both person-job fit and person-organization fit predicted job satisfaction; however, person-organization fit was a better predictor of intention to quit. Thus, people who are not well suited for the job and/or organization are more likely to leave than those who have a good person-job or person-organization fit. The organization should not only match the job requirements with the person's knowledge, skills and abilities, but should also carefully match the person's personality and values with the organization's values and culture. Lee, Ashwood, Walsh and Mowday (2004) espoused the theory that states an employee's satisfaction with a job, as well as propensity to leave that job, depends on the degree to which the individual's personality matches his or her occupational environment.

Many person organization fit studies emphasized the match between people's values and the values of the organization, because values are conceived of as fundamental and relatively enduring (Kristof 1996; Van Vianen 2000).

3.5.3 Compensation-- Remuneration, reward and recognition of employee value

Compensation "is the most critical issue when it comes to attracting and keeping talent" (Willis 2000). A fair wage is the cornerstone of the contractual and implied agreements between employees and employers, the underlying assumption being that money can influence behavior (Parker and Wright 2001). Companies often provide pay packages superior to the market for critical talent. These include special pay premiums, stock options, or bonuses. Base pay reflects fair pay; supplemental programs reflect individual, team or organizational performance and success.

Bassi and Van Buren (2005) found that "leading edge" firms, defined as firms that use high performance work practices such as total quality management and training, provide innovative compensation such as profit sharing and group-based incentive pay. Organizations in most industries are implementing innovative compensation approaches to differentiate themselves (Parker and Wright 2001). Innovative practices reflect the individual player contract model, focusing on "what it will take" to attract and retain each individual, regardless of the pay of others (Boyd and Salamin 2001). This "let's make a

deal" approach is a radical departure from traditional pay equity approaches, but seems to work in a highly competitive, individualized talent market. Others act more broadly, ensuring that all "players" are paid near the top of the market, whether through base salary or bonuses (Stein 2000; Williams 1999). This raises overall compensation costs but may reduce the risk, and therefore the cost, of attrition.

Wages influence the recruitment and retention of workers (Highhouse, Stierwalk, Bachiochi, Elder and Fisher 1999; Parker and Wright 2001; Rynes and Barber 2004; Williams and Dreher 2004) and therefore play a role in the staffing process. However, these studies recognize that pay, by itself, will not be enough to retain people. Low pay will often drive employees out the door, but high pay will not necessarily keep them. Ultimately, they stay because they like their co-workers and are engaged and challenged by work that makes them better at what they do.

According to a study by Mercer (2003), employees will stay if they are rewarded. Employees are usually rewarded based on quality based performance. A sense of accomplishment is recognized as important and a strong motivator. Employees tend to remain with the organization when they feel their capabilities, efforts and performance contributions are recognized and appreciated (Davies 2001).

There are three recent studies that have highlighted the rewards-retention link (Mercer 2003; Tower Perrin 2003; Watson Wyatt 1999) and provided insights into what employers are doing, how they feel, and what employees have to say on the rewards issue. These recent studies give further support to the belief that a broad and well-implemented rewards program assists in talent management.

In the new job economy, an organization’s compensation system must be perceived to be competitive from a recruitment perspective. For this reason, it is imperative that organizations review their current systems and evaluate their competitiveness with the external market, making adjustments as necessary (Cable, 2002). Current employees must feel the organization’s compensation system is equitable and understandable. These

factors, which influence employees' perception of fairness in the workplace, can have significant impact on retention (Abraham, 2002).

Compensation is no longer about performance alone. It is now about performance and retention. Top performers want to know (and want others to know) that they have delivered what was expected of them. There is nothing more frustrating for top employees than to be unsure of they are making the grade or not. If the confusion about and frustration about this point lasts, the employees usually leave. Thus the compensation packages should leave no room for doubt as to whether the employees have met targets or not (Barner, 2001).

3.5.3.1 Compensation as Motivation

Top employees need motivation. If they do not feel motivated, they will eventually move on. Thus, the compensation packages must include motivational elements—incentives, bonuses, and perks that motivate employees not just occasionally, but regularly. Many organizations resort to motivational compensation too late—when the employees' morale has already dropped (Boyd, 2001).

3.5.3.2 Compensation as a Team-Builder

Top employees can be notoriously poor as team members. Although this is not true of all top performers, many consider their success to be the result of their efforts alone. One result of this is an adverse effect on retention. Top employees can suffer from a lack of assimilation into the wider group. This is one of the reasons why overachievers often move from job to job.

Thus, the compensation packages should include team-based rewards that reflect the achievement of the group and encourage the employees to interact with others to achieve mutually desirable goals (Boyd, 2001).

3.5.3.3 Compensation as a Form of Accountability

Some top employees are not very teachable. It is perhaps understandable that employees who have achieved the status of top performers will feel that there is little they can be taught about how to do their job. While this may be true with regard to the core skills,

this attitude can be dangerous when it comes to understanding the organization's wider goals and being accountable for working toward them. The compensation package must include a strong level of accountability from the outset (Boyd, 2001).

3.5.3.4 What to Include in the Compensation Plan

All compensation elements come under one of the six main headings:

1. Base pay.
2. Incentives.
3. Bonuses.
4. Deferred Compensation (including stock options).
5. Benefits.
6. Perks.

(Caldwell, 2005)

a) Base Pay

Base pay is the fixed element of compensation, paid in cash, usually monthly or biweekly. From a retention perspective, base pay is the most fundamental of satisfiers: it causes grief if it is not there or it is less than the employee believes to be fair market value, but it contributes little to retention. Some element of base pay is reserved to help develop accountability in top employees (Caldwell, 2005).

b) Incentives

Incentives are elements of compensation paid to employees who attain goals that the employer and the employees reasonably expect can be attained in the period under review. Incentives may be cash or nonrecurring, non-cash benefits (e.g. extra vacation time, a paid holiday or conference, gift vouchers etc.). But incentives are most often cash. Because employees view incentive targets as attainable, over time they usually come to see incentives almost as a part of the base pay. As with base pay, damage with incentives is that failure to pay them will damage or destroy the employees' trust. It is essential therefore, that incentive goals be set clearly and transparently (Caldwell, 2005).

c) Bonuses

Bonuses, in contrast with incentives, are something that employees could not reasonably expect to attain in the normal course of events. Bonuses can either be *prospective* or *reactive.*

- **Prospective:** A bonus that will be paid if the employee attains a "stretch target"—a goal that is beyond what the employee could reasonably achieve.
- **Reactive:** A bonus that the organization decides to pay after the employee has achieved something out of the ordinary that was not planned.

As with incentives, bonuses can be paid either in cash or as a nonrecurring, non-cash benefit. However, bonuses are unlike incentives in that the employee does not reasonably anticipate a bonus in advance and the employer can therefore give them in forms other than cash more easily than incentives (Caldwell, 2005).

d) Deferred Compensation

Under this heading comes any compensation that is earned but not paid until some time in the future—the most common of which is the stock option. Deferred compensation helps promote employee retention if it used to meet one of the following retention-related goals (Caldwell, 2005):

1. Recognition.
2. Motivation.
3. Team building.
4. Accountability.
5. Trust-building.

e) Benefits

Employee benefits provide a powerful tool for attracting and retaining top-notch employees. To design a retention-oriented benefits program, use the following steps:

1. Create a benefits mission statement.
2. Identify your audience and their specific benefits wants and needs.

3. Define a benefits budget that fits within the financial constraints of the company.
4. Give employees as much control as possible over their benefits.
5. Communicate the plan.

Benefits are recurring non-cash rewards that are deemed to be part of base pay. A health plan, dental payments, vacation, pension, life insurance coverage, a car—all of these are benefits. For most jobs there is a mix of benefits that the employee views as part of his or her base pay. This mix is usually the result of market practices, the organizational culture, and tradition (Parker and Wright 2001).

As a form of compensation, benefits must also be as competitive as possible. In response to rising health care costs, companies must manage their benefits carefully. It's important to recognize, however, that changes to benefits are always stressful and generally have a negative impact on job satisfaction and morale (Caldwell, 2005).

Organizations should monitor their benefit programs annually from a cost and employee satisfaction perspective. Companies should keep abreast of trends and new regulations in benefit design and make changes as appropriate. Communicating with employees about their benefits and educating them about changes is critical.

f) Perks

Perks (perquisites) are non-cash rewards that are not deemed to be part of the base pay. Perks can be recurring—such as fitness clubs, on-site child care, subscriptions, and memberships of various sorts—or nonrecurring—such as computer equipment for personal use, tickets for sporting or entertainment events.

But the main thing to note is that the compensation plans would not help in the retention if employees are not told about these plans. Thus, communication of company strategies to the employees is a must. This also makes them feel important that they are a part of company policies and practices (Caldwell, 2005).

Secondly, the compensation packages should be fair and appropriate. Whenever some sort of benefit is given to some employee, it should be justified so that others do not feel that the process was unfair (Huselid and Becker 1996).

3.5.4 Training and career development

Training is considered a form of human capital investment whether that investment is made by the individual or by the firm (Goldstein 1991; Wetland 2003). Once employees are hired, training programs enhance employee job skills. Employees are expected to acquire new skills and knowledge, apply them on the job, and share them with other employees (Noe 1999). Lauri, Benson and Cheney (1996) found that firms often delay training to determine whether workers are good matches and therefore have a lower probability of leaving the firm. Training provides employees with specific skills or helps to correct deficiencies in their performances; while development is an effort to provide employees with abilities the organization will need in the future (Gomez-Mejia, Balkin and Cardy 1995; Wilk and Cappelli 2003). Skill development could include improving basic literacy, technological know-how, interpersonal communication, or problem solving abilities. Employees want good training opportunities to increase their marketability. The conventional wisdom used to be that if the company makes them marketable, employees will leave at the first opportunity. But today, companies are finding that the more training employees get, the more likely they are to stay. Indeed, when the training ends, the turnover tends to begin (Jamrog 2002; Wien-Tuers and Hill 2002).

A firm has the incentive to invest in the human capital of its workers only if there is an expectation of a return on its investment. Increasingly, companies are strengthening development for talent, thorough competency analysis, input on individual interests, multi-source assessment of capabilities and development needs, and the formulation of action plans (Clarke 2001; Messmer 2000).

Frazis, Gittleman, Horrigan and Joyce (1998) found that firms that provide more benefits and have innovative work practices train their employees more than other firms.

According to Storey and Sisson (1993) training is a symbol of the employer's commitment to staff. It is also reflective of an organizational strategy based on adding value rather then lowering cost. Leading companies have acknowledged that providing employees with a comprehensive range of career and skills development opportunities is the key to attracting and retaining the kind of flexible, technologically-sophisticated workforce that companies need to succeed in the digital economy (Accenture 2001; Bassi and Van Buren 1999).

The training and development of people at work has increasingly come to be recognized as an important part of HRM (Oakland and Oakland 2001). Training plays an important role in the success of many organizations especially in the Pakistan Telecom Industry (Pakistan Times, Dec 2005).

Level of employee turnover and training are expected to be inversely related: the higher the level of turnover, the lower the amount of training. This expectation is based on the reasoning that the longer an employee stays with an employer, the higher will be the return to training. A recent study by Frazis *et al.* (2004) indicated that employees working in low-turnover establishments spent about 59 percent of their total training time in formal training, compared with 18 percent for employees in high-turnover establishments. From the employee's view, if the training involves skills specific to the establishment, it is likely to contribute to an increase in productivity at that establishment. Greater productivity at the establishment, in turn, will tend to raise a worker's wage above what he or she would earn elsewhere, thus providing an incentive to stay. In other words, training can serve to lower turnover (Frazis *et al.* 1998; Wetland 2005).

3.5.5 High-performing employees need recognition

Research continually supports that a culture of recognition for high performers is positively correlated with low turnover in that group. A 2003 study by Allen confirmed that top performers demonstrate a higher need for recognition than employees who perform in the lower half of the performance ranking structure (Cammann, 2001).

Whatever the constituent elements of the recognition program—rewards, awards, contests etc.—to be successful it is important to design each element in a way that is specific, attainable, fair and appropriate.

3.5.5.1 Meaningful Rewards

It is best to recognize outputs (when achieved) through awards and behaviors through rewards. Reward programs and other types of recognition can be important employee-satisfaction tools. These can involve informal and formal processes (MacDuffie 1995).

Non-cash awards can be used to recognize performance that is above and beyond expected results. If the program is to have motivational value, recipients must feel that awards are meaningful. One company implemented a recognition program that provided rewards based on employees' interests and lifestyles. For example, a camping enthusiast might receive a campsite pass, while an employee who is about to get married might receive a day at a spa (Delery and Doty 1996).

3.5.5.2 Praise

Informal recognition may include praising an employee directly, praising him or her in front of another, or even creating positive gossip by praising an individual when he or she is not around.

3.5.6 Job Design and Empowerment

A recent Society of Human Resources Management study of the 50 best small and medium-sized places to work found that these organizations shared a key trait: ability to engage and empower employees.

Job satisfaction is strongly linked to employees' understanding of how their job duties and performance support organizational goals. Managers and supervisors can help with this by educating employees about the company's mission and purpose and explaining how their job is aligned with critical functions (Perry-Smith and Blum 2000; Solomon 1999).

Engaged employees know what is expected of them and have opportunities to do what they do best. These employees feel connected with the company and tend to be more satisfied with their jobs. For managers and supervisors, taking simple actions, such as ensuring employees have the proper equipment and materials to do their work, sends a message that the job is important (Delaney and Huselid 1996).

Organizations that want an engaged workforce also ask for employees' opinions. Top-rated organizations conduct employee opinion surveys more often than other companies. Results of surveys are communicated to employees and recommended actions are taken, when appropriate. Employees are often included in any change process.

3.5.7 Employees must have meaning in their jobs

A recent Society of Human Resources Management study of the 50 best small and medium-sized places to work found that these organizations shared a key trait: ability to engage and empower employees (Benchley 2001).

3.5.8 Performance evaluations

Performance evaluations are formal processes organizations use to provide recognition and to encourage employee development. To be effective, the process must support the business goal of retaining a company's best people. It should assist managers by providing a means for recognizing star performers and confronting poor performers in a timely manner (Davis, 2004).

3.5.9 Promotions

Promotion policies and practices support retention efforts by following equitable and understandable guidelines. Promotions should recognize employees who learn and grow within the company (Hawkland 2000).

3.5.10 Work-life balance

According to research conducted by the consulting firm Inspired People, employees' most common response when asked what they needed from work was: "My family is my number one priority — there's more to life than money!"

With 86 percent of respondents citing work fulfillment and work-life balance as priorities, organizations that emphasize goals such as moving up the ladder may be out of step. Couple this with the fact that 85 percent of today's employees feel overworked and underappreciated (Solomon 1992).

These findings suggest that supporting and encouraging work-life balance can only help a company's employee retention efforts. Organizational cultures that support work-life balance acknowledge that family and personal life are important. These companies provide career paths that allow individuals to be successful at work without compromising personal values (Meyer and Allen 1991).

Employees who seek work-life balance don't necessarily want special treatment. They want the organization to work with them in response to their life choices. Initiatives that support work-life balance include allowing top performers to leave work early when necessary, maintain flexible hours and earn time off from work (Snell and Dean 1992).

3.5.11 Valuing older workers

Any discussion of remedies for the labor shortage must include older workers and their ability to assuage the problem. Companies are already increasing their use of retirees for a variety of consulting and short-term assignments (Accenture, 2001).

3.5.12 Challenging employment assignment and opportunities

Employees need to be stimulated with creative challenges or they will go where the excitement is, be it another department, industry or company. Companies are countering this by allowing employees to choose what projects they want to work on and allowing cross-departmental and cross-disciplinary migration (Accenture 2001; Jamrog 2002). Providing employees with challenging assignments with well-defined performance measures and feedback is important for a high performance environment in which employees can achieve their personal objectives (Furnham 2002). The necessity of mastering new skills keeps employees satisfied and creative (Ferguson 1990; Walker 2001). Employees want a job with broad duties and a lot of task variety. In part, it is

because they want to have more job skills on their resume when they are forced to get another job (Jamrog 2002; Jardine and Amig 2001).

A further extension of these efforts to provide job challenges is *cross-functional career development.* This technique allows the long-term employees which the organization views as having overall leadership potential to move from one area of the company where they have succeeded (e.g., management) to another area where they have no experience (e.g., acquisitions). Moving high-caliber employees in this manner not only assures that they will be challenged, but begins to build employees with enough breadth of experience to assume senior leadership roles with the organization. General Electric and IBM have been doing this for years (Ferguson 1990).

Employees who felt that the organization failed to give them challenging and interesting work, freedom to be creative, opportunities to develop new skills, and autonomy and control were more likely to express negativity and lack of loyalty toward their employer. More specifically, when the promises related to autonomy and growth and rewards and opportunities were breached, an employee was more likely to report negative feelings and attitudes toward the organization, lower levels of commitment, and greater intentions to leave the organization (Phillips 2000).

3.6 Organizational Factors Influencing Retention

3.6.1 Mentoring and Coaching

Mentoring and coaching is defined as the behavior of an individual that results in non-coercive influence when that person is directing and coordinating the activities of a group toward the accomplishment of a shared goal (Bryman 1992). Mentorship is closely linked to leadership and is conceptualized in terms of four tasks that need to be accomplished in any organization: providing direction, assuring alignment, building commitment and facing adaptive challenges (Risher and Stopper 2002). Leaders are central to the process of creating cultures, systems and structures that foster knowledge creation, sharing and cultivation (Bryant 2003). Research findings suggested that leadership enhanced organizational commitment (Alimo-Metcalfe and Alban Metcalfe 2001).

Many organizations start mentoring and coaching programs as an important tool to combat excessive or debilitating retentions rates among top employees (J. Leslie McKeown, 2005). If organizations manage top performers, mentoring and coaching is not exceptional (Harley James, 2002). Some form of mentoring and coaching has always taken place in the business environment, however informally: the friendly discussion over coffee, a colleague handling a difficulty well etc. Such activities have always played their part in the development and retention of top employees (Phillips 2000). Mentor is much more accepted part of general business practice. Mentors are now much more accountable. Managers are now required to work as mentors. Mentoring is about supporting and developing the all-round growth of the protégé, not just helping him or her do the job better (MacDuffie 1995).

Employees nowadays look for mentors and coaches to guide them and to help develop them so that they can have greater marketability. If they are not provided with coaching and mentoring, they eventually leave. Thus programs need to be built to help in the overall retention (J. Leslie McKeown, 2005).

The role of a coach is less focused on the individual and more focused on the job than the role of the mentor. A coach helps the protégé to do his or her job better. Some elements are the same as that of the mentor like motivation, performance enhancement, awareness, transfer of skills, and effectiveness. But the coach's main concern is not the growth of the individual, but rather the better performance of the job (Arthur 1994).

Both mentoring and coaching are effective retention tools. One survey conducted by Asian Associates Foundation showed that organizations with proper mentoring and coaching programs have a lower attrition rate than ones that do not. If an organization employs top employees as mentors or coaches, they may stay longer with the company for one or more of the following reasons: They have a stronger sense of personal and career development, they may experience great sense of satisfaction and fulfillment, their sense of responsibility is heightened, they feel a great sense of bonding with the

organization as they see their efforts make a positive effect in the lives and careers of other employees (Bryant 2003).

On the other hand, protégés or the ones who are being mentored may stay longer with the organization for one of the following reasons: The protégés' assessment of the organization as an employer will be higher because it has the mentoring program, the motivational and role-modeling aspects of the mentoring relationship maintain a positive attitude in the protégés, the employees have a forum for discussing and resolving frustrations, the protégés may view the program as a fast track to promotion (Bryant 2003).

3.6.1.1 Managers as Mentors

Research consistently supports that managers and supervisors have the greatest impact on employee retention. At the end of the day, however, employees stay with organizations — or leave them — because of their immediate managers. These supervisors play the role of ***mentors*** and ***coaches,*** guiding them all the way (Bryman, 2002).

Managers need certain characteristics to be effective in the new job market economy and to act as mentors and coaches:

Participative leadership style. Great managers are good at building a unifying cause with their team or department. They define desired outcomes and create goals tied to individual and organizational values.

Concern for employees. The best managers also care about the employee as a person and encourage development. They initiate discussing employee progress, often outside the formal evaluation process. They help employees find the right fit in the organization, not simply the next rung on the ladder.

Honest, direct communication. Effective managers have excellent communication skills and provide recognition or praise frequently for doing good work. Great managers also provide timely and honest feedback.

Ability to confront poor performers. Managers who want to retain their best employees must take decisive action with employees who consistently under-perform. Research shows that organizational failure to deal with poor performers is one of the most

demoralizing factors for high-performing individuals. Allowing the wrong people to hang around is unfair to the right people, who inevitably find themselves compensating for others' inadequacies (Huselid 1995; Ichniowski, Shaw and Prennushi 1997).

3.6.2 Company culture and structure (policies)

Corporate culture is described as the invisible forces that shape life in a business organization (Fitz-enz 1990; Sheriden 1992). Management philosophy and style, communications protocol and policies, rituals and taboos interact to create the uniqueness of each company (Furnham 2002; Guzzo and Noonan 1994; Schein 1990). People often join a company or seek employment within a particular industry because they find its culture appealing. However, in the past decade the cultural characteristics of some industries and, therefore, the companies within them have changed markedly. And when the culture changes, whether through growth, new management or economic and regulatory interventions, some people become uncomfortable and leave to find a culture that fits them better (Stum 1998).

Since people join organizations partly because they are attracted to the culture and structure, this is where retention management begins. Managers who want to examine how effective their corporate culture and structure are at retaining employees need to do so from the ground up (Judge and Cable 1997; Sheriden 1992).

From an organizational development standpoint, the concept of organizational culture suggests an avenue for fostering changes in behavior and attitudes in order to bring about desired results. But to do this successfully, organizational development experts must find out whether they can predict certain behaviors and attitudes based on patterns of organizational culture (Delaney and Huselid 1996).

3.6.3 Satisfactory working environment

Right at the core of Maslow's hierarchy of needs, work environment is a crucial factor in retention. For employees who stay with an organization for any length of time, the work environment (together with organizational culture) is likely to be the biggest constant in their daily lives. Work content can change, compensation and benefits can change,

relationships with peers can change, but for most people the “look and feel” of the physical space in which they work will remain pretty much the same. Issues such as dress code, the ability to individualize their working environment, and even the physical location of their workspace vary from one demographic group to another but the main thing is to be able to work in a pleasant environment (Snell and Youndt 1995).

The factor most significantly affecting workforce commitment is management's recognition of the importance of personal and family life (Stum 1998). For some employees, personal priorities or circumstances make the difference between leaving and staying. Individuals will stay with a company that clearly considers and cares for their career priorities (life stage needs), health, location, family, dual-career and other personal needs (Gonyea and Googins 1992; Kamerman and Kahn 1987). For example, many companies are providing flexible schedules and work arrangements and are experimenting with other ways to help individuals manage their work and personal life issues (Perry-Smith and Blum 2000; Solomon 1999). Gumbus and Johnson (2003) attribute the improvement to many work-life initiatives aimed at a corporate culture based on performance and employee commitment. She says, "We believe in a healthy, well-balanced workplace that treats the employee as an individual, a family member, and a member of the community."

Therefore, many companies have successfully created an employee friendly environment by integrating specialized work arrangements such as flexible hours, telecommuting, and family-leave assistance to support employees in creating a work/life balance. Some researchers suggest that for positive work experiences to increase commitment significantly, employees must believe that such work experiences are a result of effective management policies (Parker and Wright 2001). So parlaying a constructive culture into increased commitment might depend on how well managers succeed at getting employees to credit good management for their positive experiences.

3.6.4 Work Content

First or second on every poll or survey on retention issues for top employees is the content of the work itself—that is, assignments or projects and associated performance goals. Particularly for top employees, who have a reasonable expectation that they were not hired to complete repetitive, uninspiring tasks, the planning of work content to satisfy personal and career aspirations is an essential element of any effective retention strategy (Campion, 2003).

3.6.5 Exit Interviews

Exit interviews are a means to learn the reasons why employees are leaving the organization. But the benefit of finding out why people are going to other companies is limited unless it is understood why they joined. It's important to compare what people say when they are leaving and what they said when they joined, to see what has changed in between that has compelled them to move (Parker and Wright, 2001).

Another thing to take into account is that the departing employee might not be totally honest due to the fear that he might come back at a later stage or it may reflect badly on his reputation with his new employer. For this reason, it is better to have the interview taken by some external party (Perry-Smith, 2001).

3.7 Conclusion

This study identified that it was not the presence or absence of any one HR practice which was considered the determining factor, but rather the "bundle" or system of practices that will affect the decision to quit. This research also provided evidence that good leadership is also important because they act as mentors and coaches.

According to Wager (2003), employees who did not intent to quit were more likely to be employed in organizations that adopted a certain set of HR practices such as employee voice procedures, programs that recognize employee contributions (e.g. merit-based promotion, individual merit pay and a formal employee recognition program), mechanisms for sharing information with employees, use of problem-solving groups and training in employee involvement. In addition, the results of this study showed that employee perceptions regarding the organization's retention strategy were significant. For

instance, employees who indicated they were not planning to quit also were more likely to report their organization was committed to retaining the best employees; saw the retention of top employees as very important; and has established programs designed to retain quality employees (Boyd 2000; Dobbs 2001; Eskildesn and Nussler 2000). For this study, organizational commitment and intention to stay (turnover intention) were selected as the focal dependent variables for the following reasons. First, there is evidence that before actually leaving the job, employees typically make a conscious decision to do so. These two events are usually separated in time.

Second, it is more practical to ask employees of their intention to quit in a cross-sectional study than actually to track them down via a longitudinal study to see if they have left or to conduct a retrospective study and risk hindsight biases.

The common theme in this literature review is an emphasis on the utilization of human resource management factors that influence retention of core employees. First, it presented different types of human resource architecture models of employment, describing the employment modes and the employers-employees psychological employment relationships. Second, it discussed empirical evidence of the relationships between the human resource practices and organizational commitment and intent to stay (turnover intention). Third, the identified HR factors which included person organization fit (selection), remuneration, recognition and reward, training and career development, challenging opportunities, leadership behavior, company culture and policies, and satisfactory work environment were discussed to establish relationships to organization commitment and intent to stay. Finally, turnover predicators such as age, gender, occupation and industry were highlighted in relation to its influence on organization commitment and intent to stay.

The following chapter will present the overall research methods employed in this study. The methods of research involve the qualitative process of interviews.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.0 INTRODUCTION

This chapter explains the overall methodology used to collect the data to address the research issue. Research methodology is extremely important as it determines the validity of the collected information. Data can be collected through various means, depending upon the availability of information and the type of research being conducted. This chapter also discusses why a certain kind of method is preferred in a specific type of study. Information has been collected through both primary and secondary sources which have been discussed in this chapter.

4.1 Different Research Methods

Analysis: classes of data are collected and studies conducted to discern patterns and formulate principles that might guide future action

Case study: the background, development, current conditions and environmental interactions of one or more individuals, groups, communities, businesses or institutions is observed, recorded and analyzed for stages of patterns in relation to internal and external influences.

Comparison: two or more existing situations are studied to determine their similarities and differences.

Correlation-prediction: statistically significant correlation coefficients between and among a number of factors are sought and interpreted.

Evaluation: research to determine whether a program or project followed the prescribed procedures and achieved the stated outcomes.

Design-demonstration: new systems or programs are constructed, tested and evaluated

Experiment: one or more variables are manipulated and the results analyzed.

Survey-questionnaire: behaviors, beliefs and observations of specific groups are identified, reported and interpreted.

Status: a representative or selected sample of one or more phenomena is examined to determine its special characteristics.

Theory construction: an attempt to find or describe principles that explain how things work the way they do.

Trend analysis: predicting or forecasting the future direction of events.

4.2 Quantitative Research Method

The focus of ***quantitative research*** is objective measures rather than subjective experience. Data is collected in some objective and replicable manner; this methodology provides greater distance between the data and researcher than in qualitative studies. In addition, data is usually analyzed statistically in this type of research. The tools of quantitative research include questionnaires, test performance scores, physiological readings, survey responses and spectrometer readings.

4.2.1 Advantages

1. Stating the research problem in very specific and set terms (Frankfort-Nachmias & Nachmias, 2002);
2. Clearly and precisely specifying both the independent and the dependent variables under investigation;
3. Following firmly the original set of research goals, arriving at more objective conclusions, testing hypothesis, determining the issues of causality;
4. Achieving high levels of reliability of gathered data due to controlled observations, laboratory experiments, mass surveys, or other form of research manipulations (Balsley, 2003);
5. Eliminating or minimizing subjectivity of judgment (Kealey & Protheroe, 1999);
6. Allowing for longitudinal measures of subsequent performance of research subjects.

4.2.2 Disadvantages

1. Failure to provide the researcher with information on the context of the situation where the studied phenomenon occurs;
2. Inability to control the environment where the respondents provide the answers to the questions in the survey;
3. Limited outcomes to only those outlined in the original research proposal due to closed type questions and the structured format;
4. Not encouraging the evolving and continuous investigation of a research phenomenon.

Questionnaires, surveys, checklists etc. are used when there is need to quickly and easily get lots of information from people in a non-threatening way. Advantages are that people can complete these anonymously, are inexpensive to administer, easy to compare and analyze, can be administered to a lot of people, a lot of data can be gathered. Disadvantages are that researcher might not get accurate feedback, wording can bias clients' responses, and it can be impersonal.

4.3 Qualitative Research Method

One important methodological option in conducting management research is the use of qualitative methods for data collection and analysis. Generally ***qualitative research*** focuses on the subjective experience and perception of the research subjects. In qualitative research, the researcher is the key instrument of data collection. Tools used include open ended interviews, field notes, and 'conversations' with participants or journal diaries. The focus of qualitative research is not only to describe but also to analyze: it seeks to look at the *why* of events not just the *what* (Tuckman, 2003). Qualitative research, with its emphasis on understanding complex, interrelated and/or changing phenomena, is particularly relevant to the challenges of conducting management research. The nature of the study is such that the qualitative method is best suited for finding out about the retention strategies. This is also because mainly the top tier, including the managers and supervisors, were interviewed because they are the ones who help in the retention of core employees.

Qualitative research is characterized by an emphasis on describing, understanding, and explaining complex phenomena - on studying, for example, the relationships, patterns and configurations among factors; or the context in which activities occur. The focus is on understanding the full multi-dimensional, dynamic picture of the subject of study: retention of employees in the telecom sector.

4.3.1 Advantages

1. Produces more in-depth, comprehensive information.
2. Uses subjective information and participant observation to describe the context, or natural setting, of the variables under consideration, as well as the interactions of the different variables in the context. It seeks a wide understanding of the entire situation.
3. Obtaining a more realistic feel of the world that cannot be experienced in the numerical data and statistical analysis used in quantitative research;
4. Flexible ways to perform data collection, subsequent analysis, and interpretation of collected information;
5. Provide a holistic view of the phenomena under investigation (Bogdan & Taylor, 1995; Patton, 2001);
6. Ability to interact with the research subjects in their own language and on their own terms (Kirk & Miller, 1999);
7. Descriptive capability based on primary and unstructured data;

4.3.2 Disadvantages

1. The very subjectivity of the inquiry leads to difficulties in establishing the reliability and validity of the approaches and information.
2. Its scope is limited due to the in-depth, comprehensive data gathering approaches required.
3. Departing from the original objectives of the research in response to the changing nature of the context (Cassell & Symon, 2004);

4. Arriving to different conclusions based on the same information depending on the personal characteristics of the researcher;
5. Lacking consistency and reliability because the researcher can employ different probing techniques and the respondent can choose to tell some particular stories and ignore others.

The objective of this study is to investigate and determine the current human resource practices on the retention of core employees in the Pakistani Telecom Industry by taking the example of Mobilink.

The study involved an in-depth interview with HR practitioners from Mobilink Pakistan. This qualitative approach was employed with the objective to acquire richer data from the Mobilink HR policy makers and personnel. The acquisition of this set of data enabled the researcher to construct a more effective instrument for analysis and recommendations that will be discussed in later chapters.

This study aimed to rectify the gap in the literature review and provide valuable insights that may explain the differences in human resource management practices that affect the retention of core employees of Mobilink to help explain the overall practices in the Pakistani Telecom Sector. It is therefore pertinent that the research captures the essential information more amenable to evaluation and discussion. For this reason, the qualitative research methodology of Interviews has been used because a one-to-one discussion leads to better understanding of what happens actually within the organization.

Employing the qualitative method allowed the researcher to:

- Collect the primary data in a flexible, non-structured way that allowed emergence of new information and interpretations of employee retention.
- Interact with the research subjects at their own work place;
- Understand retention as a more holistic and complex construct;
- Obtain a more realistic and hands-on feel of the world that cannot be experienced in the numerical data and statistical analysis used in quantitative research.

Data can be gathered either through primary sources or secondary sources:

a) Primary source: Unedited, firsthand access to words, images, or objects created by persons *directly involved* in an activity or event or *speaking directly* for a group. This is information *before* it has been analyzed, interpreted, commented upon, spun, or repackaged.

- Observation
- Interviews
- Discussion

b) Secondary source: Secondary sources interpret, analyze or summarize. Commentary upon, or analysis of, events, ideas, or primary sources. Because they are often written significantly after events by parties not directly involved but who have special expertise, they may provide historical context or critical perspectives.

- Library
- Internet
- Bibliographies (used to locate a secondary source)
- Articles
- Research material

(http://www.lib.washington.edu/uwill/research101/basic03.htm)

4.4 Case Study as a Research Method

This type of research looks in depth at particular issues with a single or small number of subjects. Advantages of case study research are that the researcher can investigate a characteristic and/or its development in depth and at close range. Case study research excels at bringing the researcher to an understanding of a complex issue or object and can extend experience or add strength to what is already known through previous research. Case studies emphasize detailed contextual analysis of a limited number of events or conditions and their relationships. Researchers have used the case study research method for many years across a variety of disciplines. Researcher Robert K. Yin defines the case study research method as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and

context are not clearly evident; and in which multiple sources of evidence are used (Yin, 2004).

Critics of the case study method believe that the study of a small number of cases can offer no grounds for establishing reliability or generality of findings. Others feel that the intense exposure to study of the case biases the findings. Some dismiss case study research as useful only as an exploratory tool. Yet researchers continue to use the case study research method with success in carefully planned and crafted studies of real-life situations, issues, and problems. Reports on case studies from many disciplines are widely available in the literature.

4.5 Sample Population

The criteria for the sample was set on the basis that the size of the organization and the years of establishment attest to more developed human resource systems is relevant due to the nature of the study. A request was made to meet with the HR personnel of Mobilink who are best suited to explain how the practices help in the retention of employees.

Interviews were also conducted with other managers because as explained in the literature review, managers and supervisors play a major role in retaining employees. Some of the employees were also asked as to how they feel about the organization as a whole and whether they are satisfied with the working environment or not. They were also asked if they would want some changes to their working structure.

4.6 Methodology

In depth interviews are used when a lot of detailed information is required. Specific circumstances for which in-depth interviews are particularly appropriate include

- complex subject matter;
- detailed information sought;
- busy, high-status respondents; and
- highly sensitive subject matter.

All of the above mentioned points are applicable to the research under consideration. Thus, the interview method is suitable to get the required information. The research method involved the interviewing of human resource manager and HR personnel who are involved in the retention strategies. A semi-structured interview was used which incorporated a list of HRM best practices on retention. The objective was to identify HR elements considered important by practitioners.

It was an important advantage to use the in depth interview to probe complex answers, obtaining an expansion of answers of the standardized questions, and resulting in greater extraction of information from the participants. However, the extraction of this kind of highly sensitive and confidential information from policy makers can be less accurate due to the reluctance to disclose. To overcome this problem and also reduce the chance of misinterpretation of questions, the semi-structured interview style was selected as the appropriate approach to elicit rational and complete responses.

4.7 Advantages of Interview Methodology

The following advantages were seen while using the qualitative approach:

1. Yielded richest data, details, new insights
2. Permitted face-to-face contact with respondents
3. Provided opportunity to explore topics in depth
4. Afforded ability to experience the affective as well as cognitive aspects of responses
5. Allowed the interviewer to explain or help clarify questions, increasing the likelihood of useful responses
6. Allowed the interviewer to be flexible in administering interview to particular individuals or circumstances

For successful data collection, interviews help in promoting the validity of the data. In addition, the interviewer asked all the questions and got answers in detail, which would not have been possible through questionnaires because it might so happen that people simply give yes or no answers and hence details would not have been gotten.

4.8 Types of Interviews Conducted

Interviews were conducted via face-to-face meetings, lasting about 45 minutes to an hour, with the use of *semi-structured* and *structured interview* schedule. The interview schedule was developed in order to provide some standardization across interviews. Although somewhat limiting the extent for spontaneous questioning, this interview schedule reduced the possibility of interview inclination and the problem of obtaining different levels of information from interviewees. All interviews were noted down with the permission of the participants and descriptive notes were taken during the interviews.

Interviews were conducted with HR personnel including Mr. Faraz, Mr. Sohaib, Ms. Kanwal. Mr. Abid Nadeem was also asked to give his valuable thoughts on the subject, being the manager. Mr. Saad Murtaza, an ex-employee of Mobilink, was also interviewed by the researcher which helped in analyzing why employees want to leave.

4.9 Interview Format

The first section of the interview schedule sought information on the characteristics of their core employees, the distinguishing needs of their core employees and non core employees, their application of standardized or differential HRM for different types of employees and the importance of the role of HR in the organization (strategic or limited to administrative). This interview was done with Mr. Faraz and Mr. Sohaib of HR Department. The second section of the schedule explored the importance of the human resource factors identified in the literature review in relation to its influence on retention in the organization and the effectiveness of its implementation. This was conducted with Mr. Abid Nadeem who provided the researcher with the retention tactics employed in the company. The final section covered (1) contextual issues that affect the telecom industry and the retention management of core employees (2) effective management of such as hiring practices, performance appraisal practices, training and career development practices, succession planning program, pay practices and leadership practices. For this part, Ms. Kanwal of HR department was consulted.

Additional prompts, which included asking interviewees to explain some of their constraints to achieve effectiveness in their HR practices and the scope for implementation of good practices, were scattered throughout the interview format in order to elicit further information from the participants. Such informal discussions were made with Mr. Faraz, Mr. Sarfraz as well as with Ms. Najia of the OD Department.

4.10 Interview Data Collection and Analysis

The data from the interviews were content analyzed. Content analysis is a research technique which systematically examines the content of communications—in this instance, the interview data. The transcribed data were coded based on the key factors and issues identified in the literature review. The responses were analyzed so as to see what sorts of retention techniques are utilized in the Pakistani Telecom Sector. The constant comparison method was used to identify major themes.

Data obtained through the interview were qualitatively analyzed. Qualitative data in the form of comments and descriptions were used to provide the basic research evidence.

4.11 Conclusion

This chapter basically focuses on the qualitative method used for the research study—Interviews. It helped explain why this kind of methodology was necessary for analysis of retention strategies.

The next chapter will discuss Mobilink and its retention strategies in detail and analysis will be made by comparison of the company's techniques with the literature review.

CHAPTER FIVE
ANALYSIS AND FINDINGS

5.0 INTRODUCTION

Mobilink is one of the leading cellular companies in Pakistan. At the start of the organization in 1994, it had the best talent employed, being the only company offering GSM technology to its valued customers. For this reason, among others, it had the top most employees. For many years, Mobilink enjoyed a good customer base along with extraordinary talent. But this situation did not last for long, when other companies entered the market. Mobilink suffered the greatest loss of its employees when Telenor introduced its services at the end of the year 2004. Due to better pay packages and being a multi-national company, Telenor attracted Mobilink's talent towards itself.

Mobilink had to come up with effective strategies in order to beat its competition as well as keep its employees within the company. HR had the biggest role to play in this situation because the issue dealt with the company's most valuable asset: its employees. The HR manager, being extremely competent and with an international background, took the matter in his hands and utilized effective retention techniques. This was told to the researcher by Mr. Faraz of Mobilink's HR Department.

End of 2004 and beginning of 2005 saw the retention rate go down and hence the turnover ratio tremendously increased. The competitors were also attracting the younger talent away from Mobilink as the younger generation easily switches to those places where future prospects are more.

When asked about the first step that Mobilink took when it felt the loss of talent, Mr. Faraz told the researcher that as a first reactive move, Mobilink managers asked the employees to stay with the company for some period of time. This was critical at that

time because the rate at which Mobilink was losing its top talent, it had become crucial to come up with techniques to retain the remaining employees. It started remunerating its personnel so that they would at least stay with the organization for some time before moving elsewhere.

5.1 Formation of a separate OD Department

Ms. Najia, initiator of OD at Mobilink, told the researcher that the first major step taken towards the retention of employees was the establishment of an OD Department. Previously the company did not face any need to be proactive. It handled problems as they arose. But now the situation was very different. Most employees had already left and the HR manager knew that if proper steps were not taken in this regard, the future seemed bleak. The CEO, Mr. Zuhair Khaliq, who was brought in from Mobilink's parent company, Orascom, acted as the change agent in this regard. He held frequent meetings with the managers of the company. He formed a separate OD department that would totally indulge in people issues and take proactive measures in the future. The newly formed OD department was also responsible for conducting Training Needs Analysis (TNA), something that was previously not done at Mobilink. This was an important retention step taken because as has been shown by the research in the literature review (Chapter Three), training is one of the dimensions that is essential for the retention of top talent. With the changing workforce, the literature review suggests that people now look for companies that offer more training programs to its employees because these enhance the marketability of employees.

5.2 HR Practices

HR at Mobilink has taken a strategic role in order to better serve its employees as well as customers. At the same time, retention management at the organization is considered strategic, and this is supported by the literature review as well.

5.2.1 Recruitment

As seen in the literature review, recruitment is one of the first practices that are directly linked to the retention of employees. This is highly applicable to Mobilink. First of all, the recruitment process starts with the departments analyzing the reasons why the

candidates want to join the organization because as the research in the literature review states that only technical know-how is not enough to enter the company. This was told to the researcher in response to question no. 11 in the appendix.

The main thing to note here is that at Mobilink, all the departments are involved in the recruitment process and this task is not just the responsibility of the HR function. Though the final authority resides with the HR, yet each department can take part in the recruitment of effective and potential candidates. This is useful from the retention point of view as well because if only HR is involved in the recruitment, then this leads to inefficiency as every department has its own requirements. At the same time, each department can put in its own need of personnel that can be seen by the HR department at the time of actual selection of employees. This piece of information was given by Mr. Faraz in reply to question no. 13 in the appendix at the end of the thesis.

As has been seen in the literature review, valuing employees is important but the first thing is to have the "right" people working for the company. This is what Mobilink values as well. The recruitment process is very cumbersome as the organization looks for those people who best fit the culture and structure of Mobilink. Mobilink does not hire only the experienced people. It constantly looks for fresh graduates who have no prior work experience. This is because the company is very innovative and is always on the lookout for those who can fit into the company's environment. Another thing that has been supported by the literature review and has been found in Mobilink is that the departments communicate the requirements that the employees need to meet in order to be successful. This is a very important retention technique because it might so happen that the candidates are extremely effective at what they do but they do not fit well with the culture of the company and these people would eventually leave because of being misfits.

Managers of departments are highly involved in the recruitment of suitable candidates. They know that this is a time consuming process but the results generated would be of greater value if the right kind of personnel are chosen. They do not go for the ordinary

because they have to generate business results, hence the process continues until the best candidates have been short listed.

One of the recruitment techniques that have also been highlighted in the literature review is the ***Realistic Job Preview.*** Mobilink strongly believes in sharing honest information with the potential candidates about the company as well as the job. This helps build trust with people which eventually leads to these candidates wanting to join the company and stay with it. The candidates are also told about the promotion possibilities, growth opportunities, job requirements etc.

The recruitment process also involves matching the peoples' traits with the traits of currently employed people. This is to reduce conflict among employees and also to promote its much valued culture.

5.2.2 Selection

Once the short listing of candidates has been done, next is the selection process. It is over here that the HR department is highly involved. As has been mentioned before, each department gives its own personnel requirements, hence during the selection phase, the HR personnel are well-aware of the needs of each function e.g. marketing, customer services, accounting, logistics and so on. Mobilink places a lot of importance on the person-job fit as well as the person-organization fit and this has been supported by the literature review as well. This is one of the retention techniques that became even stricter once the company faced loss of its employees to the major competitors like Telenor. Most of the employees left the organization because they felt that their capabilities were not being matched to the work that they were performing. This was found through the interviews in reply to question no. 14.

When asked about how selection is used in the retention, it was informed that the final selection of candidates is based not just on the criterion that the person knows the job for which he is being selected, but also if he matches the overall culture of Mobilink. His personality, capabilities, adaptability etc. are all checked to see if the employee would

continue working for the company. For this reason, the person is asked for the reason he wants to join the company. This enables the HR personnel to see the individual's willingness to work and stay with Mobilink. This is something that has been noted in the literature review as well as an important part of the retention process. It is further observed in the literature review that companies that seek to have person-job as well as person-organization fit increase the job satisfaction of the employees and hence they stay within the company.

Another thing noted at Mobilink and supported by the literature review is that the company carefully matches the person's personality and values with the organization's values and culture.

Ms. Kanwal added that Mobilink's overall selection procedure is extremely effective at retaining top talent as it attracts only those who have the knowledge, capability as well as suitability with the company's environment and culture. This increases the satisfaction level of the employees who then stay with the company.

5.2.3 Compensation

Compensation is one of the key objectives of this research study. Hence the interviews focused on this aspect as well. It was explained that Mobilink started giving the most importance to its compensation system when it suffered loss of its employees at the end of 2004. Literature review confirms that compensation and retention are closely linked. Telenor attracted Mobilink's employees because it entered the market with the highest salary packages. Most employees work in order to get more salary. Hence, they left. Mobilink had to be reactive in this regard because it could not afford the loss of more talent. The HR department worked in close coordination with the senior managers and vice president of the company in order to come up with better packages for its employees.

The literature review confirms that compensation is the most important issue when it comes to attracting as well as retaining top talent. In reply to question no. 18 in the appendix it was elaborated that at first Mobilink did offer good salary packages but it was

not the highest paying company. Now, with the arrival of other competitors and the loss of its valuable talent, Mobilink is now at the top 90^{th} percentile i.e. among those companies which are paying highly to their employees. This was one step taken to retain its people because surveys conducted showed that compensation was one of the major reasons why attrition rate was increasing drastically. Another thing noted at the company was that instead of raising the base salaries of employees, Mobilink focused more on bonuses and incentives. The literature review also discusses how such strategies can raise the overall compensation cost but also help in lowering down the turnover ratio.

Ms. Kanwal explained that compensation at Mobilink is totally tied to performance. This has also been supported by the literature in chapter three. This is because when performance is extraordinary, employees at Mobilink are given special bonuses. These bonuses are not limited to 100 percent of the base salary but can very well go beyond 100 percent, based on the performance of the employees. There are specific targets (both individual and department targets) and once these are achieved, the employees are bound to get compensation through either bonuses or other benefits. This is a very useful retention strategy adopted by Mobilink because it helps in the growth of the company too because the employees feel motivated and when such targets are achieved then it is beneficial to both the organization as well as the employees.

Competitive compensation packages also help in retaining current employees as well as attract new ones who would eventually want to stay with the company. As the literature review says that compensation is not just about performance, it is also about retention and this is proved at Mobilink too.

5.2.3.1 Elements of Compensation

a) Base Pay: Base pay at Mobilink is at an acceptable level but as has been mentioned in the literature review, it can contribute little to retention. Pay is also an indication of self-satisfaction and status. Hence, keeping these factors in mind, Mobilink gives competitive base salaries but more emphasis is given to other compensation elements like perks, benefits, and incentives etc. to help in retention.

b) Incentives: Mobilink gives incentives to its employees in the form of paid vacations, free mobile usage plus free mobile phones etc. But the budget factor has to be seen, hence there is some limit to these incentives like mobile usage, yet there are free hours and even if the limit is crossed, the rates are extremely nominal. As the employees go up the ladder, these incentives are increased.

First there was no concept of giving a certificate to the employee if he or she had undertaken some training. But now proper certificates are given to them on completion of a session. This also made them more inclined towards the training program because they now knew that they could even show the certificate to other companies and it was a plus point because companies always look for those employees who have received more training.

Scholarship programs are also offered to those employees who want to go abroad to study but a contract is signed that when they come back they will join the company.

c) Bonuses: Mobilink gives a lot of bonuses and as the literature review indicates that these are important sources of retention, hence Mobilink has placed special importance to these bonuses. Mostly these are year-end and hence the employees have something to look forward to. These bonuses are given to those who perform extraordinarily and are decided in a meeting help by the VP of HR and top managers including the president of the company and this in itself is something that the employees value because it is a source of pride to them that they are considered for bonuses in front of all the top managers.

d) Benefits: These are an important part of the retention tactics. The researcher got the following reply when asked what sorts of benefits are given to employees and whether there are differences between different levels of employees. Benefits are also given to Mobilink employees including health care benefits. Cars are also a part of the benefits but not every employee is a candidate for receiving vehicle benefits. This is owing to the high

expenses incurred. This is supported through the literature review as well that the company should consider the rising costs before making the benefits plan.

Employees are also given stock options and this is especially valid for the top cadre. Junior managers are also offered such benefits but to a lesser degree. At the same time, employees are also given comprehensive hospitalization and medical benefits and these include the families of the employees as well. This gives rise to an extremely secure environment and adds to the retention level. Security in tenure is particularly important for older workers, as they are less likely to move to a new organization and risk redundancy. Younger people are linked to remuneration, training and development, challenging job, growth opportunities, trying new things, fitting the job properties to their educational training, recognition of their capabilities and acquisition of new skills. Then there are also old age benefits which includes certain amount of pension as well.

There are also provident funds in addition to pensions. Apart from these benefits, there is Group Life Insurance in which case if some employee dies an accidental death, huge sums of money are given to his family. This is something that attracts and retains employees a lot because getting insurance through banks is very costly and this is sort of a small insurance plan for them.

e) Perks: Perks are an extremely effective part of the retention strategies at Mobilink. Exit interviews were conducted and mostly the employees were dissatisfied due to the absence of these perks. Mobilink started considering the health of the employees very important because the exit interviews conducted showed the presence of job burnout. Hence, Mobilink has now developed a special cafeteria as well as its own gym which the employees can use for free. The cafeteria is something that the company spends a lot of money on. There are lavish lunch packages, tea and coffee, and so on.

5.2.4 Training

Training and Development had never been a part of Mobilink before the arrival of competitors. The management of Mobilink believed that it had hired the best people and they did not need any training. Till the time they were the market leaders, things were going fine for them. But with new competition coming in, things needed to change. But the employees started switching to other companies where they thought they had better opportunities and better salaries. The researcher got the following reply to question no. 16 in the appendix. The management of Mobilink finally realized that the main issue was not the salary but that the employees wanted more opportunity and wanted to learn more. For this, the main thing was to give them proper training. Before, most of the training sessions were conducted externally with the help of local companies who trained the employees. International trainings were never done. But now a lot of money is spent on training sessions and these trainings are now also conducted internally through internal trainers. The company now has proper trainers to train the employees so that they could enhance their knowledge and get more opportunities for growth. The OD Department also gives training on ***Stress Management*** and ***Time Management.*** These are two very important subjects.

Now employees want more skills and hence look for those places that offer them incentive to gain knowledge through training, as has also been seen through the literature review. Mobilink used training programs as an essential part of its retention strategy which has worked well for the company. Employees see the training programs as part of their career development and see it as a growth opportunity. These trainings increase the marketability of the employees and hence it helps the company to retain its employees. Recently three trainers came to Mobilink from MIT and Harvard Business School which was a great achievement that added to the credibility of the company. This was told by Ms. Najia who herself is an internal trainer at Mobilink and works in the OD Department.

The OD personnel came up with training calendars. This meant that they had pre-planned the whole year as to when the training sessions would be conducted. This was important because the employees were very busy and they needed to be informed beforehand about

the sessions so that they could arrange their schedules accordingly. Apart from this, international trainings were also planned and within a short time span, these became operational. Many employees were sent to abroad on a frequent basis for proper trainings.

5.2.4.1 Different Programs

There are different programs that are being offered to the employees. These include *Managerial Grid Programs* and *Leadership Programs.*

5.2.5 Employee Recognition

As has been seen in the literature review, top employees need recognition more than the average ones. The same is the case at Mobilink. This is because top performers consider themselves to be highly marketable and they think that they can get a job anywhere. Secondly, they feel that their contribution should be valued. If they are doing a good job and are still not recognized, then employees tend to leave. Hence, Mobilink has come up with effective techniques to support a culture of recognition for these high performers. Meaningful rewards at Mobilink include a full day off from work and to have a complete day without any work tension. Similarly other rewards include giving passes to employees for plays held at the Islamabad Club.

Mobilink has a culture where the work of every employee is appreciated. Managers are always praising good performance which boosts the morale of employees and they feel important. As has been seen in the literature review, recognition of employees is very essential for retaining top talent and Mobilink is a good example of this practice.

5.2.6 Job Design and Empowerment

Mr. Abid Nadeem was asked about the decision making authority given to the employees. In response to question no. 28 in the appendix, he replied that Mobilink is a company that has given a lot of empowerment and autonomy at the department level. One example of this is seen in the way each department recruits its own employees. Individuals' empowerment also plays a key role at Mobilink. Though little research has been done in this regard, yet the literature review supports the argument that empowerment and retention are positively co-related. Empowering employees raises their status level and

they feel important. This is one of the foremost reasons why people want to stay with the company; because they are respected and trusted enough to be given decision-making authority. Job satisfaction is a key indicator at Mobilink.

Mobilink involves its employees in the major decisions. This increases their satisfaction level as has been agreed in the literature review as well. Managers engage their employees and ask for their opinions in every matter so that they feel that their ideas matter. Research has shown that more than any other factor, retention is linked to how much importance is given to the employees.

5.2.7 Performance Evaluation

Performance management system and its linkage with retention are in line with the objective of this research study. Mobilink has a very well-developed performance appraisal system. It is a combination of objective and subjective which increases the reliability of the evaluation. Star performers can easily be recognized and the whole process is so transparent that if someone is given a raise or some promotion, then the rest of the employees know that it is totally justified because everything is there on the performance appraisal form, hence the substantiation reduces the biasness.

When asked about the training needs analysis, it was told that the training needs are also identified through the performance system and growth opportunities are also recognized. This is important for retention because employees know that everything is transparent and they will be given chances to grow by considering their weaknesses identified through appraisal and then giving them developmental opportunities.

Similarly, appraisal system also identifies the top employees who are ready for a raise in salary or overall promotion. This is supported through the literature review. For promotion, the employee’s age does not matter but he needs to have worked with the company for a certain length of time and secondly his performance is also checked.

5.2.8 Work-life balance

Work-life balance was never followed at Mobilink prior to the entry of its competitors in the market. Employees were required to work late hours and sometimes even on Sundays. Going to work on Saturdays was normal routine. Once the turnover rate increased, HR manager came up with the concept of work-life balance. This was because he had international experience and was well-aware of the changing needs of the workforce. Gone were the days when people only worked to earn money. Now employees were concerned about their families and hence left the company because they could not give time to their families. Mobilink then started giving leverage to the employees and made Saturdays and Sundays off. This also reduced the problem of employees feeling over-worked. The concept of flexible hours and allowing the top employees to leave when necessary is also supported by the literature review.

5.2.9 Challenging employment assignment and opportunities

Mobilink provides a very challenging work environment where employees are encouraged to take initiatives. At the same time, they are allowed to work on the projects of their interest. This is a very motivating step for the employees, as has been proved through the research in the literature review as well. In turn, motivation helps in the retention of top performers because they like doing challenging jobs. Similarly, as seen in the literature review, Mobilink allows cross-departmental transfers which in itself are motivating. This has been termed as *cross-functional career development.* When an employee working in one department has excelled in his or her job, he is allowed to share his expertise in some other department. This keeps the employee stimulated and hence results in the employee wanting to stay with the company.

5.3 Organizational Factors Influencing Retention at Mobilink

5.3.1 Mentoring and Coaching

The result of the interviews conducted with Mr. Abid Nadeem and Mr. Faraz showed that one of the top reasons why employees quit the jobs was due to the unjust or bossy treatment of the managers. This is also mentioned on the company's website.

Apart from the HR practices that influence the retention of top performers, Mobilink considers other factors that help in this regard and all of these are supported by the literature review. Mobilink has a proper mentorship program. All the managers are actually mentors who are required to help their subordinates in every possible way. This builds an environment of trust and respect and the culture then helps in the retention of employees who feel at home. These mentors act as teachers and give direction to their co-workers. Managers are more of leaders and the company makes sure that they have the traits of successful leaders who can take the company forward. This homely working environment provided by the managers makes the employees feel wanted who then want to stay.

Managers are advised by the higher-ups that they are to help their subordinates with all the projects as well as any other assistance needed by them. Mobilink has a very open culture which promotes respect for one another. The culture at the company is made by the managers who are more of coaches and mentors than bosses. Employees at Mobilink are very committed. Informal discussions are common which enhances the commitment level of people working there. Such meetings are discussed even in the literature review. These mentors also hold regular meetings with the employees which increases retention level. These meetings are discussed below:

5.3.1.1 Town Hall Meetings:

After the establishment of the OD department one of the significant changes that took place, increasing the commitment of employees, was the initiation of the ***"Town Hall Meetings".*** These meetings got this name because of their nature. They are more of a Question and Answer sessions. All the employees are allowed to attend the sessions and the President of Mobilink informs them about the performance of the company and also encourages them to clear their doubts. The queries are answered and in this way ideas from the very bottom get to the top. The employees are now more motivated to come up with new and innovative ideas because they have a platform through which they can communicate their views to the top management.

5.3.1.2 Breakfast Meetings:

Another step which contributed to the success and popularity of the OD department was their idea of holding ***"Breakfast Meetings".*** These meetings are held once a month and they are a way of informal communication between the management and the employees. The culture of Mobilink which like that of other companies which were established quite a long while back was very formal. Now with such initiatives they are moving towards a more casual culture, in terms of openness. The level of dedication to work and taking responsibility has increased due to such steps. Now they have ownership in company as their opinions are valued and in this way they feel more involved.

5.3.1.3 Meetings outside the office:

There are meeting rooms available but realizing the factor that the best mangers also need to get out of the stressful environment in order to give their best they started holding meetings outside the office which aided in increasing the level of innovation and also facilitated the prevention of ***"Burnout".***

Such meetings are an important tool for retaining top employees because, as discussed in the literature review, these allow the top performers to convey their ideas and opinions to the superiors and hence they feel important. The leadership style at Mobilink is very important for keeping top talent within the company. As the literature review says, leaders are supposed to care about the employees and have a direct communication with the subordinates. This is exactly what happens at Mobilink and this has become a part of the culture, especially once the retention strategies were revised with the arrival of new competitors in the market.

In terms of mentoring and coaching, there are two things important for Mobilink. Firstly, it focuses on good management that how the leaders get the best out of their subordinates and utilizes their potential fully. Secondly, how these managers or leaders are able to coach their employees is also very important. They way these managers communicate is extremely effective and it was found through the interviews that many people now stay with the company for lesser salaries just for its extremely effective managers.

5.3.2 Company culture and structure

Ms. Kanwal elaborated that culture at Mobilink is very open now but this was not always the case. At the beginning, there were a lot of hierarchical levels which gave rise to a very rigid culture, with strict rules and regulations. The formal working environment made the employees very uncomfortable. Due to this rigidity, employees started looking for other places to work. There was a clear need to change the culture and hence the working environment of Mobilink to make the employees more relaxed and contented. This is linked to the retention strategy that has also been explained in the literature review. The change in the culture now also supports the recruitment policy because research shows that candidates are attracted to those companies that have an open culture. This increases the retention rate in the longer run.

The structure of Mobilink also changed gradually due to the changing needs of the workforce. First, more emphasis was placed on individual work but now teams have been formed which reduces the hierarchy and hence people work in close coordination with each other. Literature review supports the notion that working in teams makes employees more committed and they tend to stay longer with the company.

5.3.3 Stress Management Interventions

5.3.3.1 Cafeteria:

Mobilink brought about changes which might appear to be at a small level but they were part of one major plan which was the retention of the best talent in the company. It is a well known fact that the environment plays an important role in enhancing the abilities of an employee to perform better. Keeping in mind this fact a cafeteria was constructed about 2 years back. The employees can get together at the lunch time and have a scrumptious meal. There are lunchboxes offered and during the lunch break the employees at different levels can mingle. The employees look forward to this time and it was a planned move to construct an attractive cafeteria because now the trend of going out for lunch in scattered groups is changing.

5.3.3.2 Gym and Recreation centre (Wellness Program):

In order to offer employees a healthier way of life and also to reduce their level of stress a gym with the latest machines is created. Stress can be caused by on the job activities or due to activities occurring away from work. Irrespective of the fact how stress is caused, the company has to manage the employees' stress level so it can get the best out of them. Along with the gym there is also a recreation centre which is a relaxation spot for the employees.

5.4 Conclusion

This chapter dealt with the analysis and findings through the interviews which were conducted with Mobilink personnel by the researcher. Results of the interviews reported the top five human resource management factors influencing retention. In order of importance, they included effective selection, reward and recognition, training and career development, challenging employment structures and opportunities and equity of compensation and benefits.

The analyses of the interviewees' responses highlighted some common issues. Firstly, older workers are more interested in job security and benefits; young employees are more interested in pay and advancement opportunities. Secondly, the researcher identified recruitment, pay, recognition and reward, training and career development and challenging job opportunities as key HR factors that will influence retention.

Overall the change program at Mobilink can be considered successful. This is owing to the fact that even after the arrival of its competitors Telenor and Warid, Mobilink has been able to maintain its position in the market. The company has been able to retain its talented employees despite the fact that Warid and Telenor came up with attractive packages. The success can be attributed to the proactive approach of anticipating the need to change.

CHAPTER SIX
CONCLUSION AND RECOMMENDATIONS

6.1 CONCLUSION

The findings from the interviews held at Mobilink imply a relationship between retention and human resource management factors. The researcher identified some key HR and organizational factors influencing retention. The factors identified included selection, reward and recognition, training and career development, challenging job opportunities, equity of compensation, leadership style, company culture and culture, communication and consultation, effective working relationships and satisfactory work environment. This belief is supported by literature review studies of progressive HRM practices in training, compensation and reward sharing. These studies have revealed that these can lead to reduced turnover and absenteeism, better quality work, and better financial performance. In terms of influencing retention positively, Mobilink focuses on strategic human resources – ensuring there is a link between the functional responsibilities and the business strategy. The aim is to demonstrate a commitment for employees ensuring the enhancement of employees' capabilities and receive benefits through employment.

Employees would remain in an organization due to a satisfying working environment: suitable work conditions and good workmates provide comfort and security needed to support work activity. A quality of working life that allows sufficient monetary reward to meet individuals' needs, challenging work and a workload that allows balance for individuals' lifestyle needs to be met.

Leadership management relates to sound supervision and direction: clear work standards, good instructions on how to do the job, objective performance assessment and an influential and sensitive leadership style from supervisor/manager provides an understandable and acceptable context in which to get jobs done as required. Effective

management is a competitive advantage for Mobilink—key indicators of success of this approach adopted by the organization, is the reduction of turnover to a controllable rate.

Mobilink overall has made effective retention strategies and has dealt with the problem of turnover efficiently. This has been substantiated through the literature review as well. Mobilink is one of the very few companies in Pakistan that has taken the role of HR seriously in regard to its retention issue. This was found through the response of question no. 8 in the appendix at the end. The research study has highlighted some key factors for effective retention of employees at Mobilink. They include effective leadership, effective succession planning, effective performance appraisal, effective training and career development programs and good remuneration. Further, it acknowledged the strategic role of HR at the company that has had a tremendous impact in retaining top talent.

In this qualitative study, there were several findings that are noteworthy. Results of this qualitative study suggest that organizations that manage their human resource effectively may have higher retention of their employees. More specifically, the findings provide relatively strong support for the existence of a positive relationship between HRM practices and its influence on the retention of core employees. Secondly, results from this qualitative study also highlighted that Mobilink serves as an example to organizations because it has managed its human resource effectively and has a higher retention of its top employees.

6.2 RECOMMENDATIONS

1. Talent management should be undertaken by the company. The employees of today are attracted by opportunities which cause an increase in their level of development. So Mobilink should use enhancement tools like strategic project allocation and transfer to international subsidiaries depending upon the progress made by the individual. This would help in identifying the strategic people who help in the overall productivity of the organization. Then proper measures can be taken to retain such top talent.

2. Team-based incentives should be given to the employees because since the culture of Mobilink has changed from individualistic to team-based, hence employees expect to be rewarded in teams. This would enhance the commitment level and they would be able to work more effectively and in close coordination which would eventually be linked to retention of employees.

3. It is very necessary that proper exit interviews be conducted because the company needs to know the exact reasons why people leave the organization. Important information can be extracted out of these exit interviews conducted with the departing employees and proper measures can be taken in this regard to lower down the turnover rate in the future.

4. The benefit packages should be tailored so that the delay factor could be added and the employees can be convinced to stay with the company. Such benefits could include strategies like five months salary if the employee has served for five years. This is an effective technique because if an employee has spent four years with the company, he would know that if he leaves he would not get anything but if he works for a year more, he would have extra salary of five months. In this way employees can be made to stay.

5. Check for mismatch during the recruitment interview. For example, if a candidate is very capable and has strong desire to gain knowledge, hence looks for three months training per year but the company can provide only one month training, then there is an obvious disparity. That person would eventually leave the company. So it is better to identify early on.

6. The arrangement of office layout should be changed. There should be introduced an open door policy so that the employees can directly go and talk to the senior management. This builds an environment of trust and employees feel more respected and hence the retention level increases. Currently, Mobilink has a

closed environment in which even the employees have to take appointment before meeting some senior manager. If culture is changed such that there are no fixed offices for everyone, then anyone can sit anywhere and hence the concept of equality would give rise to lower turnover.

7. Respect for employees should be enhanced. For example, instead of calling an employee secretary, he or she should be called the ‘support person’ so that that employee even feels important and hence gets more committed towards his work and also to the organization.

APPENDIX

INTERVIEW QUESTIONS

1. Did the entrance of new competitors like Telenor and Warid have some serious impact on the operations of Mobilink? What sort of changes took place because initially Mobilink was the market leader in the telecom sector?

2. When was the first time that the company realized that some serious measures needed to be taken regarding the loss of talented individuals?

3. Did you experience some serious issues when other competitors entered the market like loss of sales or loss of significant market share?

4. What is the role of HR at Mobilink? Is it of strategic nature or more of an administrative role?

5. Which HRM factors most influence the decision of employees to stay? Like salary packages? Training and development opportunities? Explain why you believe each factor affects retention.

6. Why do you think it is important to deal with the retention of top employees? Do you think it is because it is costly to replace them or it is because they are the core assets of the company?

7. Approximately how many employees are working at your company currently? How many where there initially?

8. Does your company consider effective management of human resources to be a source of competitive advantage? How is this evident in your organizational practice?

9. Does HR play an important role in the strategic business planning of your company? What role do you play in this regard?

10. Could you identify the three most important HR practices that help in the retention of employees? How?

11. How do you link recruitment policies to the retention of top employees?

12. What traits do you look for in a potential candidate at the time of the interview? Do you place more importance to his or her technical knowledge or also to his personal traits?

13. Who is responsible for the final selection of candidates? Is it the HR department or other senior managers?

14. Do you think your recruitment and selection procedures are effective at retaining people or some amendment is required?

15. Is there some training needs analysis done at Mobilink?

16. How does training help in the retention of employees? What developmental opportunities do you provide to your employees?

17. Please indicate to what extent your company's performance appraisal practices influence the retention of your employees?

18. Can you please explain to what extent your company's pay practices influence the retention of your employees?

19. What sorts of benefits are provided to the employees? Is there some difference between the benefits given to managers and those given to lower employees?

20. What kind of incentives and perks are offered to employees? Are they helpful in retaining employees at your company?

21. Are there some specific targets that the individuals are required to achieve? Are these individual targets or departmental targets?

22. Apart from the HR practices, what other areas are important in retaining top employees within your company?

23. To what extent is leadership important? How do the managers treat their subordinates?

24. How do managers increase the commitment and motivation of their employees? What steps are taken to boost their morale?

25. Does your company monitor the turnover rate and the reasons for turnover? Do you take proactive or reactive steps regarding the retention of employees?

26. What is the culture of Mobilink like? Is it strict and rigid or is it flexible?

27. Do employees contribute in adding value to the organization? Are their views and opinions important and are they given any importance?

28. Do what extent are employees given empowerment? Can they make their own decisions?

29. Is the performance evaluation done yearly or bi-yearly? Are promotions based on these evaluations?

30. With the changing workforce, how important is balancing the work and family life of employees?

31. Are there some proper mentoring and coaching programs or is mentorship considered to be informal?

32. Do employees face burnout? Are some interventions taken in this regard?

33. Do you think your retention strategies are effective or some sort of improvement is needed?

BIBLIOGRAPHY

Abraham, K.G. (2002). 'Restructuring the employment relationship: the growth of market-mediated work arrangements'. In New Developments in the Labor Market: Toward a New Institutional Paradigm, ed. K.G Abraham, R.B McKersie, pp. 85-119.

Accenture, (2001).'The high performance workforce: separating the digital economy's winners from losers.' In The Battle for Retention Accenture's study, pp. 1-5.

Allan, P. (2002). **'**The contingent workforce: challenges and new directions.' American Business Review, West Haven, June, v20, nI2, pp. 103-11.

Anand, K.N. (1997). 'Give success a chance.' Quality Progress, March, pp. 63-64.

Arnold, J. 1999. 'The psychological contract: A concept in need of closer scrutiny?' In European Journal of Work and Organisational Psychology, v5, n4, pp. 511-20.

Balfour, D.L. and Weschler, D. (1996). 'Organisational commitment: antecedents and outcomes in public organisations.' In Public Productivity and Management Review, v19, n3, pp. 256-77.

Bame, S.I. (2003). 'Organisational characteristics and administrative strategies associated with staff turnover.' In Health Care Management Review, v18, n4, pp. 70-86.

Barner, R. (2001). 'The new career strategist: career management for the year 2000 and beyond.' In The Futurist, Sept-Oct, v28, n5, pp. 8-15.

Bassi, L.J. and Van Buren, M. E. (2005). 'Sharpening the leading edge.' In Training & Development, Jan, v53, i1, pp. 23-32.

Beck, S. (2001). ‘Why Associates Leave, and Strategies To Keep Them.’ In American Lawyer Media L.P., v5, i2, pp. 23-27.

Becker, T.E., Billings, D.M., Eveleth, D.M. and Gilbert, N.L. (2000). ‘Foci and bases of employee commitment: implications for job performance.’ In Academy of Management Journal, v39, pp. 779-881

Boyd, J. (2000, November). ‘Firms work to keep women – flexi-time, mentoring programs intensify retention efforts in IT.’ In Internet Week, v90, pp.45-50.

Bryman, A. (2002). Charisma and Leadership in Organisations. Sage Publications, Newbury, C.A.

BQF, (1998). ‘The X Factor—winning performance through business excellence.’ In British Quality Foundation, November, pp. 5-7.

Cable, D.M. and Judge, T.A. (2002). ‘Interviewers' perceptions of person organisation fit and organisational selection decisions.’ In Journal of Applied Psychology, v82, pp. 546-61.

Caldwell, D.F. and O'Reilly, C.A. (2005). ‘Measuring person job fit with a profile-comparison process.’ In Journal of Applied Psychology, v75, pp. 648-57.

Cammann, C., Fichman, M., Jenkins, D. and Klesh, J. (2001). ‘The Michigan Organisational Assessment Questionnaire.’

Campion, M. A., Medsker, G. J. and Higgs, A. C. (2003). ‘Relations, between work group characteristics and effectiveness: Implications for designing effective work groups.’ In Personnel Psychology, v46, pp. 823-50.

Davies, R, (2001,). ‘How to boost Staff Retention.’ In People Management, v7, i8, April 19, pp. 54-56.

Davis, D. (2004). Business Research for Decision Making. 4th edition, Belmont, CA: Wadsworth Publishing.

Ferris, G.F., Hochwarter, W.A., Buckley, R.M., Harrell-Cook, G., Frink, D.D. (1999). ‘Human resources management: some new directions.’ In Journal of Management, May-June, v25 i3 pp.

Huselid, M. A. (1995). ‘The impact of human resource management practices on turnover, productivity, and corporate financial performance.’ In Academy of Management Journal, v38, pp. 756-759

Ichniowski, C., Shaw, K. and Prennushi, G. (1997). ‘The effects of human resource management practices on productivity.’ In American Economic Review, v87, pp. 291-313.

Jardine, E. and Amig, S. (2001). ‘Managing human capital.’ In Behavioural Health Management, Mar/April, v21, i2, pp. 25-31.

Kitay, J. and Lansbury, R. (1997). Changing Employment Relations in Australia, Melbourne, Oxford University Press.

Lepak, D.P. and Snell, S.A. (1999). ‘The human resource architecture: toward a theory of human capital allocation and development.’ In Academy of Management Review, Jan, v24, i1, pp. 31-32.

Lofquist, L.H. and Dawis, R.V.(2004). Adjustment to work. John Wiley and Sons, London.

Marchington, M. (2000). Teamworking and Employee Involvement: Terminology Evaluation and Context in Teamworking.

Marchington, M. and Grugulis, I. (2000). 'Best Practice Human Resource Management. Opportunity or dangerous illusion?' In International Journal of Human Resource Management, v11, n6, pp. 1104-24

Marchington, M. and Wilkinson, A. (2000). Core Personnel and Development. London, Institute of Personnel and Development.

Parker, O. and Wright, L. (2000). 'Pay and employee commitment: the missing link.' In Ivey Business Journal, Jan, v65, i3, pp. 70-79.

Pfeffer, J. (2000). Competitive Advantage Through People: Unleashing the Power of the Work Force. Boston: Harvard Business SchoolPress.

Phillips, R. (1997). 'New measures for business.' In Measuring Business Excellence, v1, n1, pp. 4-7.

Porter, M.V. (2001). 'The bottom line in employee compensation.' In Association Management, April, v53, i4, pp. 44-50.

Powers, E.L. (2000). 'Employee loyalty in the New Millennium.' In SAM Advanced Management Journal, Summer, v65, i3, pp. 4-8.

Randall, D.M. (2005). 'The consequences of organizational commitment: Methodological investigation.' Journal of Organisational Behavior, v11, pp. 361-78.

Risher, W., and Stopper, W.G. (2002). 'Corporate Sponsor Forum.' Human Resource Planning, March , v25, i1, pp.5-10.

Rynes, S.L., and Barber A.E. (2004). ‘Applicant attraction strategies: An organisational perspective.’ In Academy of Management Review, v15, pp. 286-310.

Scholl, R.W. (2001).‘Differentiation organisational commitment from expectancy as a motivating force.’ The Academy of Management Review, Briarcliff Manor: Oct. v6, i4; pp. 589-600.

Seltzer, J., and Bass, B.M. (1990). ‘Transformational leadership: beyond initiation and consideration.’ In Journal of Management, v16, n4, pp. 693-703.

Shepherd, J.L. and Mathews, B.P. (2000). ‘Employee commitment: academic vs. practitioner perspectives.’ Employee Relations, v22, pp. 555-75.

Solomon, C.M. (1999). ‘Brace for change.’ In Workforce, January, v78, i1, pp. 6-11.

Wagar, T.H. (2003, February). ‘Looking to retain management staff? Here's how HR makes a difference.’ In Canadian HR Reporter, Toronto.

Walker, J.W. (2001). ‘Perspectives’ Human Resource Planning, March v24, i1, pp. 6-10.

Walton, R.E. (2005). ‘From control to commitment in the workplace.’ In Harvard Business Review, v63, n2, pp. 77-84.

REFERENCES

WEBSITES

www.employeeretentionstrategies.com

www.humanresources.about.com/od/retention

humanresources.about.com/od/retention/a/more_retention.htm

hbswk.hbs.edu/archive/3803.html

www.sideroad.com/Human_Resources/employee-retention-strategy.html

www.dstress.com/RetentionArt.htm

www.tcs.com/0_features/articles/kicking_retention_strategies.htm

www.teconline.com/www/bestpractices/employee_retention.asp

www.retensa.com

www.blissassociates.com/html/articles/employee_retention02.html

http://humanresources.about.com/od/employeeretention/

http://dspace.stir.ac.uk/dspace/simple-search?query=hr

http://dspace.stir.ac.uk/dspace/handle/1893/67

http://wwwlib.murdoch.edu.au/adt/browse/view/adt-MU20041201.150257

http://wwwlib.murdoch.edu.au/adt/browse/list/E-H

http://www.fni.no/publ/energy.html

http://www.socialcapitalgateway.org/eng-phdarchiveenglish.htm

http://en.wikipedia.org/wiki/Economy_of_Pakistan

http://www.heritage.org/research/pakistan

http://www.unixl.com/dir/business_and_economy/human_resources/employee_retention

http://hermangroup.com/retentionconnection/

http://ourworld.compuserve.com/homepages/gately/pp15js09.htm

employeeretention.com

www.chartcourse.com/HereTodayHereTomorrow.htm

http://www.leader-values.com/Content/detail.asp?ContentDetailID=949

http://ezinearticles.com/?Increasing-Employee-Retention-Through-Employee-Engagement&id=10575

http://www.themanager.org/Knowledgebase/HR/Retention.htm

http://www.frogpond.com/articles.cfm?articleid=jblackman11

http://www.webpronews.com/expertarticles/expertarticles/wpn-62-20060724EmployeeRetentionWhatEmployeeTurnoverReallyCostsYourCompany.html

http://www.sqlservercentral.com/columnists/sjones/employeeretention.asp

http://www.alliesconsulting.com/resources/articles/beyondrope.html

http://www.zeromillion.com/business/employee-motivate.html#12

http://jobfunctions.bnet.com/abstract.aspx?docid=96431&promo=100200

http://www.tmcnet.com/usubmit/2006/09/16/1899632.htm

http://www.nobscot.com/library/articles.cfm

http://www.ghr-training.com/Documents/Top10MotivateArticle.doc

http://www.humannatureatwork.com/Employee-Retention-Articles-1.htm

http://www.employer-employee.com/august2002tips.html

http://www.findarticles.com/p/articles/mi_m3257/is_11_56/ai_94131951

http://www.shrm.org/books/employeeretention/

www.ddiworld.com/pdf/cpfs11.pdf

www.marstoncomm.com/atlanta.pdf

http://www.mobilinkgsm.com/

acronyms.thefreedictionary.com/Employee+Retention+Program

www.mbbp.com/practices/employment

www.managementhelp.org/research/research.htm

dir.yahoo.com/Regional/Countries/Pakistan

www.answers.com/topic/economy-of-pakistan

pakistantimes.net/2005/04/26/business1.htm

http://www.leadership.opm.gov/content.cfm?CAT=CFE

www.expresscomputeronline.com

BOOKS

1. Benefits and Compensation Solutions. February 2004. The Big Worker Shortage, Fact or Fiction?

2. Spherion Corporation. 2003. Spherion Emerging Workforce Study

3. SHRM/USA Today. 2002. Job Satisfaction Pool

4. Walker Information. 2003. The Walker Loyalty Report for Loyalty in the Workplace.

5. Saratoga Institute. 2002. 2002 Retention and Separation Survey

6. Allen, D.G., and Griffeth, R.W. “Job Performance and Turnover: A Review and Integrative Multi-Route Model,” Human Resource Management Review, Winter 1999; 9(4):525.

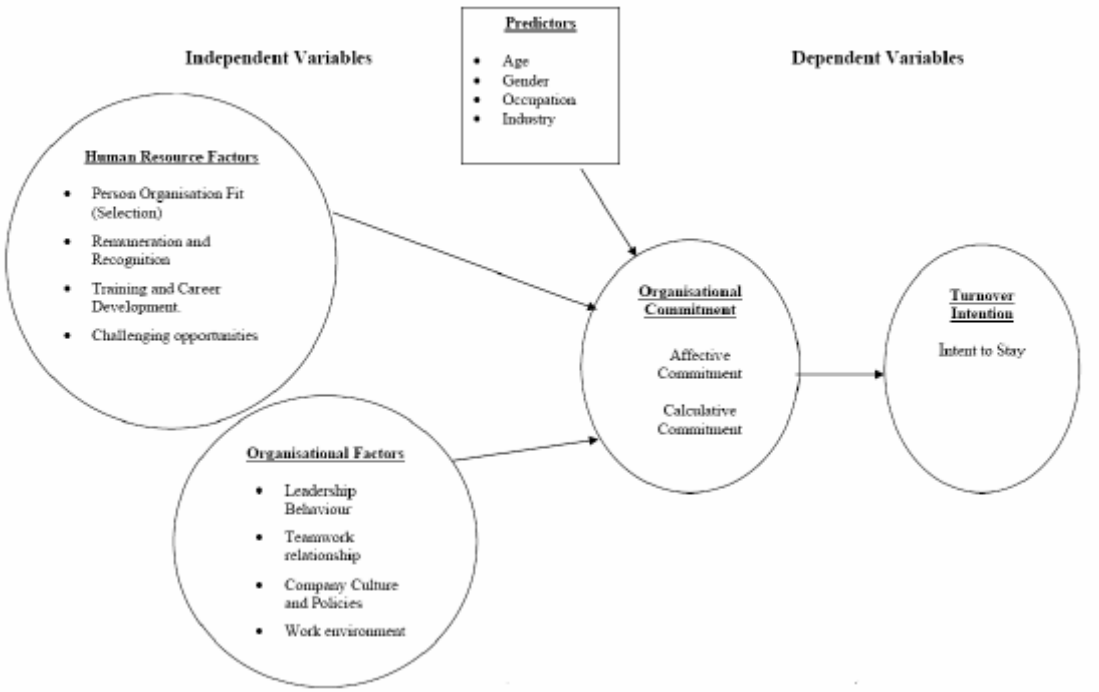
7. Black, T.R., 1999, Doing Quantitative Research in the Social Sciences: An Integrated Approach to Research Design, Measurement and Statistics, Sage Publications, London

8. Ryan R.J., R.W. Scapens, and M Theobald, 2004, Research Methods, Academic Press, London

9. Kvale, Steinar. Interviews An Introduction to Qualitative Research Interviewing, Sage Publications, 2005

10. McNamara, Carter, PhD. General Guidelines for Conducting Interviews, Minnesota, 1999

FIGURE 1: HUMAN RESOURCE FACTORS THAT AFFECT RETENTION OF TOP EMPLOYEES



Source: www.employee retention strategies .com

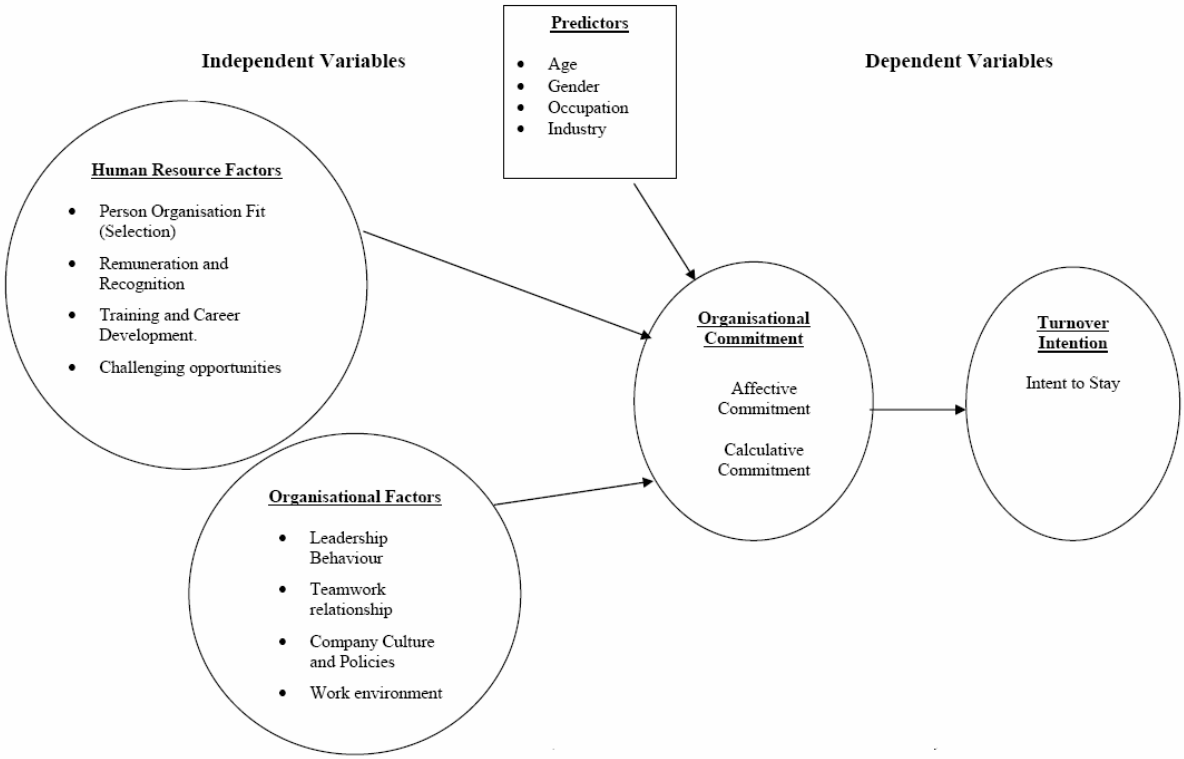
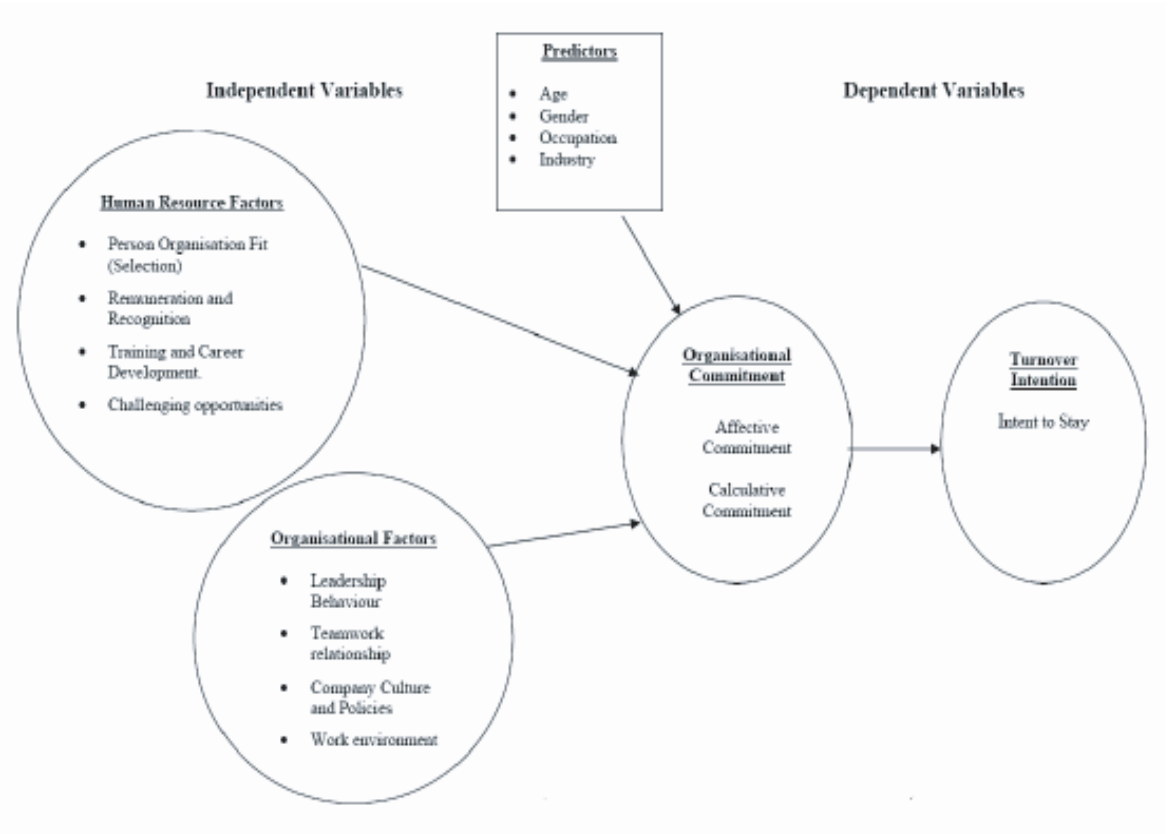


FIGURE **1: HUMAN RESOURCE FACTORS THAT AFFECT RETENTION OF TOP EMPLOYEES**

FIGURE 1: HUMAN RESOURCE FACTORS THAT AFFECT RENTENTION OF TOP EMPLOYEES



Source: www.employee retention strategies .com