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FACTORS IMPACTING EMPLOYEE RETENTION: A CASE OF PRIVATE COMPANIES IN SAUDI ARABIA

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ABSTRACT

The study aimed to determine factors which impact retention from employee perspective and retention practices used by the employers for retained values of employees. The study was conducted in private companies in three cities (Jeddah, Rabigh, Yanbu) in Saudi Arabia. The study used mixed method in data collection. A survey questionnaire was used to collect data from employees and semi-structured interviews were conducted from human resource (HR) managers from several private companies in Saudi Arabia. The employees and managers were selected using convenience sampling. The result showed increased benefits and perks were considered as main retention factor and strategy for both employers, in retaining their employees in company for long period and employees in their intention to stay with their current job. In addition, most important factor was having career plan and appreciation by supervisors. However, lack of qualified candidates and availability of alternative job opportunities made retention challenge in Saudi Arabia. This study recommended managers to develop retention programs and improve current retention practices.

INTRODUCTION

The retaining employees in the organization is very big challenge (Mohammad, 2015). Meanwhile, company had retained their skilled and valuable talents due to difficulty in finding new hired employees (Brock et al., 2013, Ployhart, 2006 and Samuel et al., 2009). These talented and skilled employees become attractive for other organizations. Employees may leave their jobs for companies which provide better incentives than their current organization [4]. Furthermore, it's important to determine the strategies used

by private sector organization in Saudi Arabia to retain their valued employees.

Private sectors are providing more compensation and benefit than other factor plays in employee retention. The company always attract talented employees and did not concern about other factors such as employee age. Saudi Arabia considered among one lowest 5 countries globally for retaining talent (Saad et al., 2013).

The employees are most important resource in any organization especially talented employees, private organizations in Saudi Arabia want to maintain employees to gain competitive advantage. Employee retention meant maintaining employees for maximum period in a company by setting strategies and policies (Mohammad, 2015). Many employees believed that their payment is unfair or did not match with their effort (Laddha et al., 2012). Job satisfaction is major aspect to be considered to retain employees at the organization (Sandhya et al., 2011). The money and perks matter but the employees are interested in challenging and meaning work, good bosses and opportunities for learning and development (Sandhya et al., 2011 and Kaye et al., 2000).

Coaching meant provided some assessment to employees to help in more productive. In retain talented employees at Saudi private companies and felt the company is their second home and need to satisfy and if employee did not satisfy lead the employee leave the company to find another opportunity and contributed to high employee number turnover.

There are many factors that affect employee retention in Saudi private companies. The retaining employee means having some regulation and factors in the organization lead to stay for longer period. The study aimed to determined factors which impact retention from employee perspective and retention practices used by the employers for retained values of employees.

METHODOLOGY

The sample was used simple random sampling which consisted 7 human resource (HR) managers and 98 employees who were employed in private sector organization located in Jeddah, Yandu, Rabigh and Saudi Arabia in general. The study had involved 105 respondents from private sector organization in Saudi Arabia. The respondents were summed from questionnaire and interview. The interview question was distributed to HR managers and interview type was semi-structured interview. Total population was 10598 employees worked in private sector regardless their position and 7 HR managers in any HR field.

The study was used convenience sampling method which respondents selected based on their convenience accessibility and availability. The study had several open-ended questions that used to analyse and investigate qualitative data.

RESULT AND DISCUSSION

In Table 1, most respondents aged between 26 years and 35 years which total up to 56.12% and 33% respondents were aged between 18 years and 25 years. There were 10% respondents were aged more than 36 years. There were 76.53% respondents were males and 23.47% respondents were women. This imbalance in gender is consistent with labour statistics of country which majority of employees were men.

Most respondents were worked with their current job up to 1 years (31%) and 21.43% respondents were worked between 3 years and 5 years. There were 14% respondents worked between 2 years and 3 years and 11% respondents were worked between 1 years and 2 years in their current job.

Table 1. Demographic Employee Information.

Demographic	Total	Percentage
Age		
18-25 years	33	33.67
26-35 years	55	56.12
36-45 years	8	8.16
46-55 years	2	2.04
> 55 years	0	0.00
Gender		
Male	75	76.53
Female	23	23.47
Working duration		
0-1 year	31	31.63
1-2 years	11	11.22
2-3 years	14	14.29
3-5 years	21	21.43

Most employees who were worked in private Saudi companies had participated in this study about factors impacted employee retention in the private sector organizations were male which aged between 26 years and 35 years and worked for more than 1 year in their current job.

Fig.1 showed most employees considered career plan in they're their decision for accepting current job. Meanwhile, 26% respondents believed increment in benefits and perks constituted an important factor in their decision to accept the job with current employer. Minority respondents claimed promotions (9%), position title (11%) and flexible timing (8%) as important factor in their decision to accept the job with their current employer.

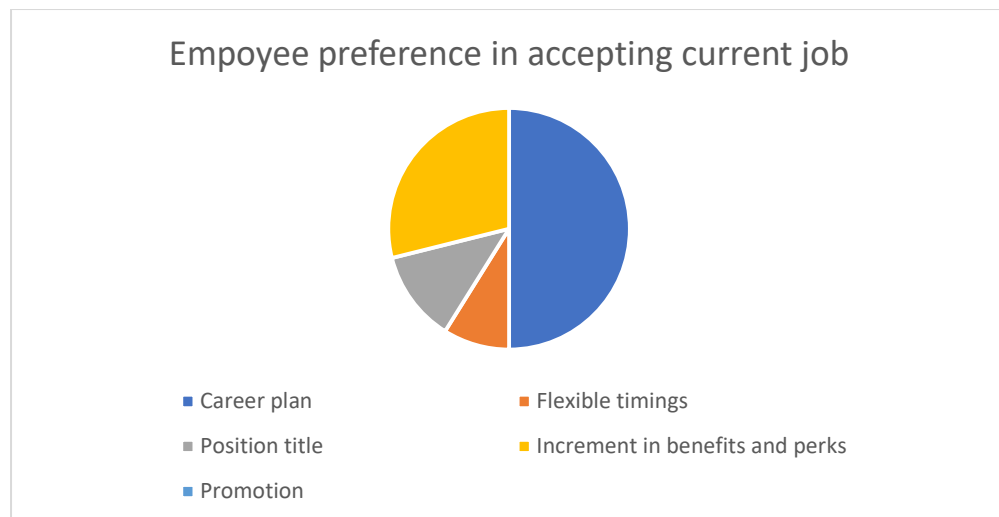


Fig. 1 Respondents Preference for Accepting Their Current Job.

The employees considered career plan as main reason or preference which leads employees to accept their current job. The employees had accepted their current job for career plan because employees want increase their working experience but if the employees had opportunity in another company which had increased benefit and perks than their current job and of course the employee would leave.

In Fig.2, the employees were asked if employees want changed their job would be their preference. Figure 2 showed most respondents (44.88%) agreed upon employee would change their job if a new employer offered an increment in benefits and perks, career plan (28%), which minority considered position title (16%), flexible timings (6%) and promotion (5%).

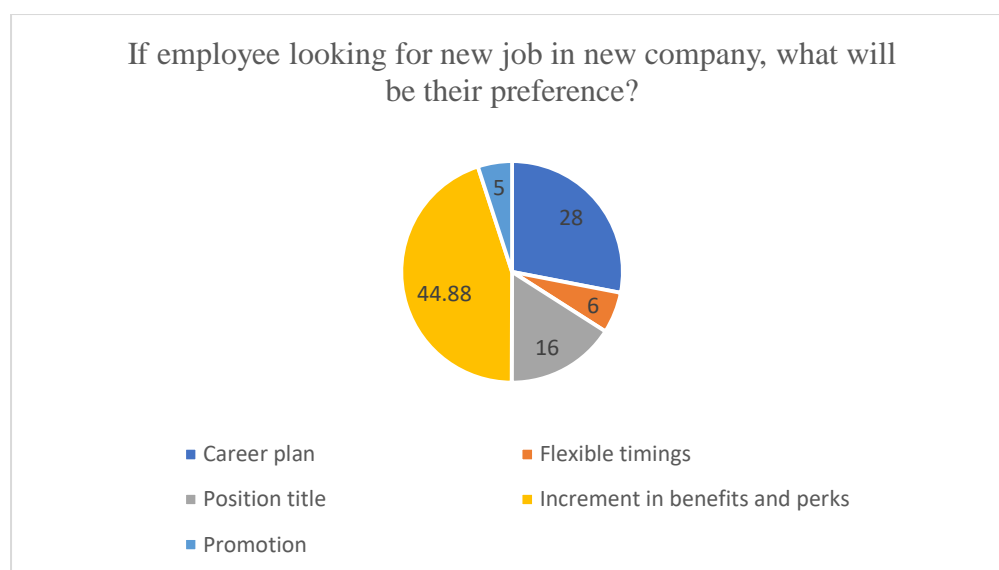


Fig. 2. Respondents Preference If Employees Were Looking For A New Job In A New Company.

Most respondents said increment in benefits and perks affected their decision in staying with the company. Hence, the employee considered the monetary factor was main reason if looking for new job.

Besides, the respondents were asked on money influence the decision related to resignation and retention. There were 69 respondents answered yes and 31 respondents said no that money was main reason in retention as shown in Fig.3.

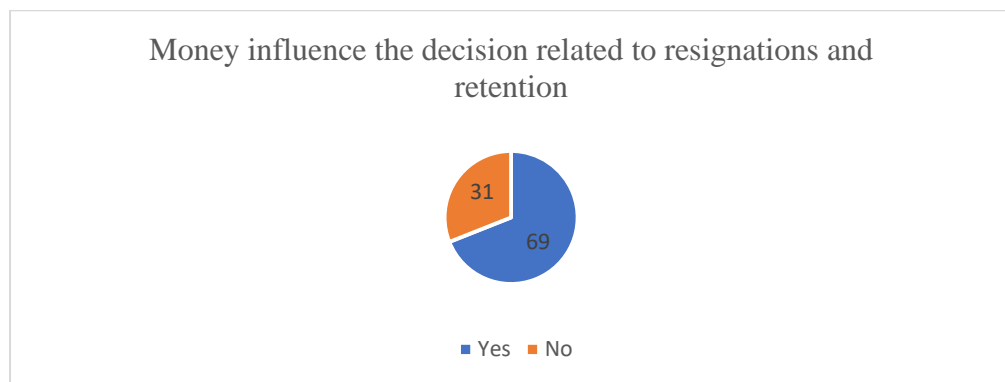


Fig. 3. The Money Power In The Respondents Retention Decision.

In Fig.3, most employees who worked in private sector companies agreed that money provided by their current employer was factor which influenced their decision in stayed longer with the company. Monetary factor played important role in Saudi private organizations in affected employees' decision in staying or leaving the company.

Besides, the employees were asked on increment industries number which affected employee retention. Most respondents claimed yes and 35% respondents did not think that increment in new industries number which affected employee retention as shown in Fig.4.

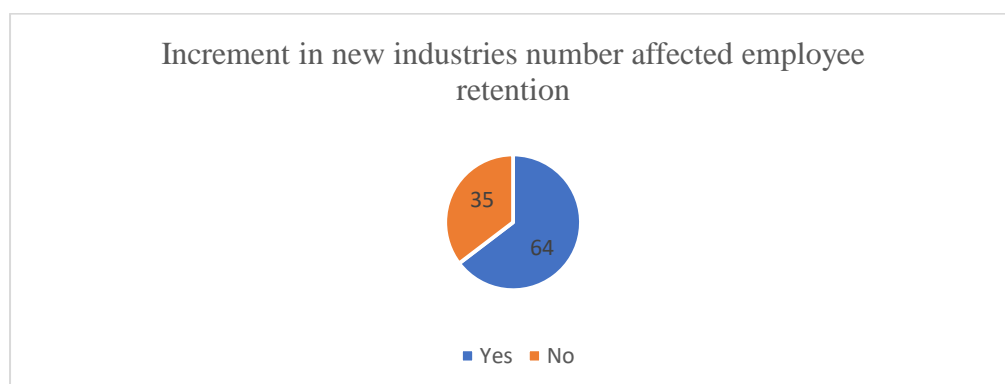


Fig. 4 New industries number and retention.

New industries came into Saudi market would affect the employee's retention and opportunity was open for employees in finding new job. The employees were asked availability of increased job number affected employee retention.

Most respondents (71%) answered yes and 29% respondents answered no on alternative jobs were available in the market which unaffected their retention at current company as shown in Fig.5.

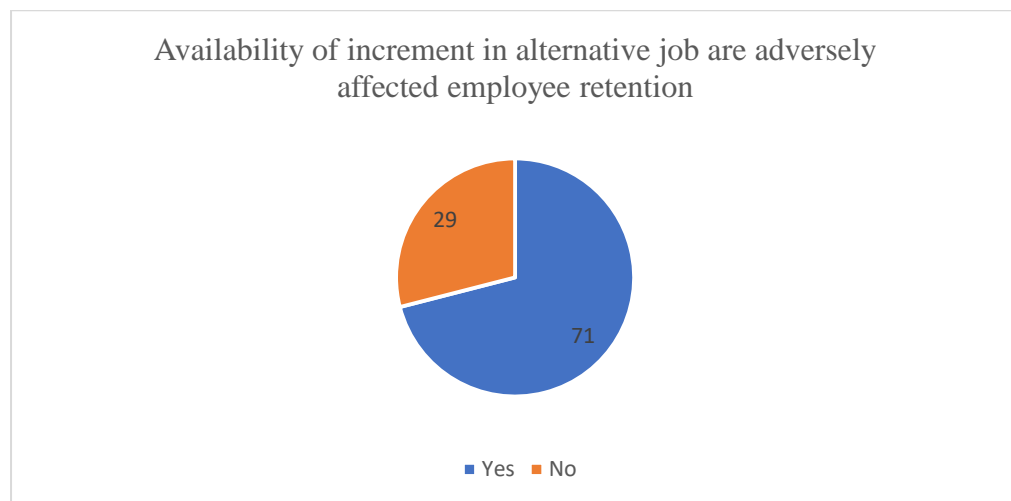


Fig. 5. Alternative Jobs And Retention.

The second factors that influencing the employee intention in staying or leaving the company were increasing industries and alternative jobs. The increasement of industries and alternatives was opened opportunity for employees in looking another job and lead to turnover.

There were 13 factors included flexibility in work schedule, appreciation by supervisor, appreciation by co-workers, benefits and perks, promotion, professional development opportunities, regular appraisals, challenging work, travelling, supervision/management, work environment (positive and reinforcing), work-life balance and appropriate resources and equipment in job performance.

For HR managers, if employee retention was recognized as an HR challenge for their organization and agreed that employee retention had been recognized as an HR challenge. Most HR managers observed employee retention as less costly than finding another replacement employee.

The second question asked managers which employees in the experience range were most susceptible to retention. Besides, the employee who had more or less experience. Most respondents HR managers claimed the employees had more working experience who susceptible to retention. In additions, employees with working experience between 3 years and 5 years felt loyal to their current job.

Meanwhile, third question was if their organization made it mandatory for the employees to serve a notice period before resigned. All managers replied yes that their organizations made mandatory for employees to serve a notice period accorded to the labour law. The HR managers agreed that 3 months' notice period was suitable time for both employee and employer. The notice

period was important because employer needs to make final settlement for the signing employee such as finding suitable replacement.

The HR managers were asked if the company had policy to attempt to retain the resigning employee by offered increment benefit. There were 71% managers reported that policy of increased benefit depended individual cost and organization value.

Most HR managers agreed upon increment benefit to retain resigning employees was depended on effect and value did the employee had current company their working. Most respondents reported that offered employees promotion or title advancement (42%) followed by retention bonus (28%), an improved remuneration (14%) and no lure back policy (14%) as shown in Fig.6.

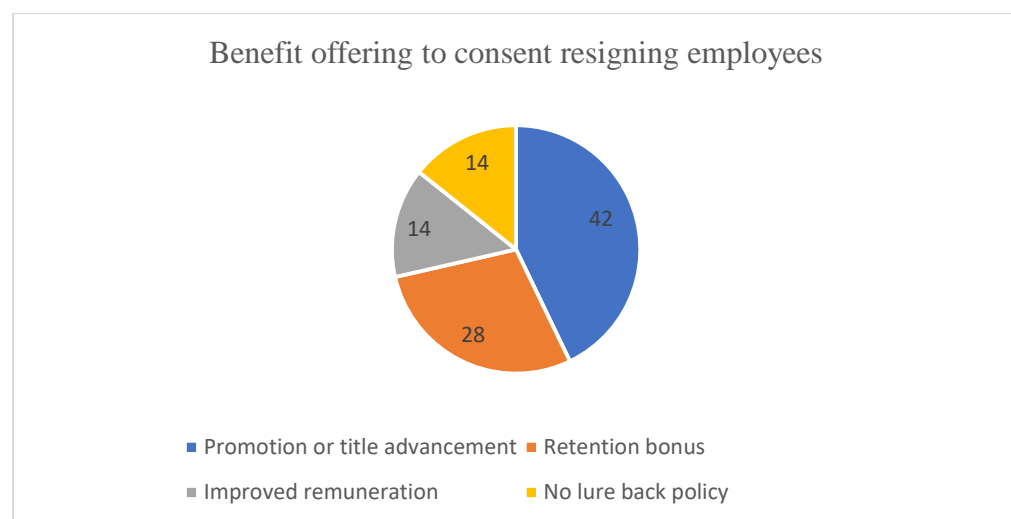


Fig. 6. Benefits Offered To Consent Resigning Employees.

Most HR managers agreed that their employees decided to continue their service with their company, provided employees with promotion or title advancement to their position. Most managers claimed that employees stay longer due to benefits and perks. The second reason which affected employee's intention to stay longer with company was working environment. Meanwhile, all managers said that benefits, working environment, flexible working hours, rewarding system and motivational aspect were common reasons that affected employee retention in their opinion.

CONCLUSION

In conclusion, both employees and employers agreed that monetary benefits and perks were main factor in retaining employees. Moreover, private organizations in Saudi Arabia were actually concerned with career development opportunities as main reason to retain their employees but employees were looking for increased benefits and perks to retained by their current employer. Most employees involved males because most general workforces in Saudi Arabia were male. Employees were accepted their current

job due to career plan opportunities but left their job due large number of new industries in marketplace.

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