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Murdoch University
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I declare that this thesis is my own account of my research and contains, as its main content work which has not previously been submitted for a degree at any tertiary education institution.

Janet Cheng Lian Chew
July 2004
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Employee retention is one of the challenges facing many business organisations today. For many organisations, strategic staffing has become a concern because the ability to hold on to highly talented core employees can be crucial to future survival. This empirical study examined the current human resource management (HRM) practices of Australian organisations in the retention of their core employees. In particular, the research identified the core elements of HRM practices, which strongly influence the decision for core employees to stay.

The study comprise three phases: (1) a preliminary investigation, utilising the Delphi Technique to obtain the opinions of an expert panel of thirteen, (2) in-depth interviews, involving twelve human resource managers of Australian organisations and (3) a quantitative survey of 800 employees from nine Australian organisations.

The findings revealed greater insights into the HRM-retention relationship and provided empirical validation of the relationship. More specifically, the research identified eight retention factors that influence the decision of core employees to stay. These specific factors consisted of two bundles of practices: HR factors (e.g., person organisational fit, remuneration, reward and recognition, training and
career development, challenging job opportunities) and Organisational factors (e.g., leadership behaviour, company culture and policies, teamwork relationship and satisfactory work environment). The outcome of the HRM-retention relationship was examined through organisational commitment and turnover intention using multiple regression analysis.

The findings of this study revealed positive significant co-relationships between the eight factors and organisational commitment. Moreover, it was highlighted that commitment acted as a partial mediator of remuneration, recognition and reward, training and career development and work environment on intent to stay. Commitment fully mediated the relationship person organisational fit, teamwork relationship, culture and policies and intention to stay.

The study produced a model suitable for use by human resource practitioners as a guide in determining what initiatives an organisation should adopt to retain their critical employees.

This research has also made a contribution by illuminating the current employment relationships in Australian organisations and providing relevant empirical evidence to support the theoretical model of Human Resource Architecture, developed by Lepak and Snell (1999) and, as a result, creating a configuration for an Australian Human Resource Architecture model.
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To my good friend, Eve, I am deeply thankful for her constant TLC in times of stress.

Finally, to my Mum, thank you for your love and devotion.
FIGURE 6.1 Conceptual Schema: Human Resource Management Factors that Affect Retention of Core Employees of Australian Organisations
Organisational Commitment

Intent to Stay

Predictors
- Age
- Gender

Organisational Factors
- Teamwork relationship
- Company Culture and Policies
- Work environment

Human Resource Practices
- Person Organisation Fit (Selection)
- Remuneration and Recognition
- Training and Career Development.

FIGURE 7.1: The Final Model: Human Resource Factors that Affect Retention of Core Employees of Australian Organisations
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Coefficient alpha reliability estimates, are on the diagonal and in bold. The means of all the variables were scored on seven point scales where 1 represents strongly disagree and 7 strongly agree. Age was measured by three categories, Gender was categorised $1 = male, 2 = female$. **$p<0.01$, *$p<0.05$

**Table 6.3.** Means, Standard Deviations and Correlations for all variables (n=457)