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Attraction and retention of the employees. A study based on multinationals from Romania

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Abstract

Total reward is a process of human resource management rarely encountered in Romanian entrepreneurial practices. Businesses that are using this concept are often organized in joint-stocks companies with foreign capital. There are also situations where smaller companies provide their employees organizational rewards, applying the idea of total rewards. However, in these cases, business executives, usually make use of this concept in an unrealistic manner. If in Romanian companies total reward, is not even a basic concept, in multinational companies this is a “must have”. It’s the only way to survive on the market. Why? Multinationals usually provide outsourcing activities which must be cheaper in terms of costs compared to the original country of activity.

While attraction of human resources represents the stage that starts with one or more job postings and it ends with new engagements for the organization, retention is "an effort made by the employer to keep employees willing to achieve organizational goals" (Akhtar et al., 2015 in Frank et al., 2004, p. 13).

The purpose of this research it is to discover the typologies of organizational rewards that attract and those which maintain human resources in outsourcing multinationals. This study has focused on two key steps taken from human resource management: attracting candidates to job interviews and maintaining the chosen personnel in companies. The research model was designed so that the two aspects are simultaneously and comparatively analyzed.

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1. Introduction

1.1. What does total reward mean

The ideas behind the total reward concept, have emerged since the eighteenth century. In 1776, the great Scottish economist Adam Smith argued that employees should maximize the "total net benefit" of work, thinking not just in terms of wages, but also taking into account factors such as tolerance, job security and the possibility of having success or failure (Gerhart and Rynes, 2003; Reilly, 2010). Other specialists in the field, such as Michael Armstrong and Hellen Murlis from United Kingdom (Armstrong and Murlis, 2007), said that total reward includes both, extrinsic (for example: salary) and intrinsic rewards (for example: professional satisfaction). American consultants Schuster and Zingheim discussed about total reward as a "philosophy, set of principles, a way of thinking" despite of a simple set of rewarding practices (Reilly, 2010).

Michael Armstrong (2007) it is an adept of the holistic approach to defining the concept of total reward, which "includes all kinds of possible direct and indirect, intrinsic and extrinsic rewards" (Armstrong, 2007, p. 31, in Manus and Graham, 2003). All aspects of employees' rewards are interlinked and treated as a coherent whole (Armstrong, 2007). In Armstrong's vision (2007), the components of the total reward are total remuneration and non-financial rewards (also called "intrinsic").

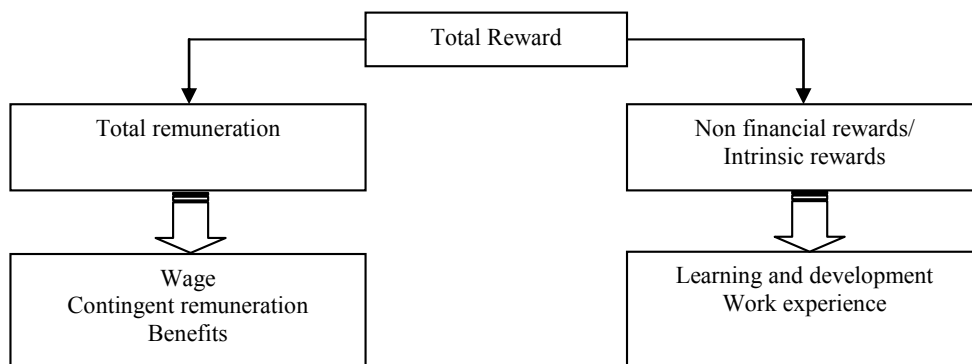


Fig. 1. The components of total reward
(Source: adapting from Armstrong, 2010, p. 32)

Michael Armstrong promotes the holistic character of total reward, saying that there are no reward mechanisms that operate in isolation but, on the contrary, all the ways in which people can be rewarded for their conduct which leads to work satisfaction. The aim of total reward is "to maximize the impact of combining a wide range of initiatives for motivation, commitment and involvement in the workplace" (Armstrong, 2010, p. 32).

1.2. Attraction and retention of the employees. Ways to organizational success?

The attraction of the workforce it is an important part of the organization's performance, and it is usually starts by launching a job, and it is finished with new employments. In the selection process, people find useful details about the company, which ultimately influence the final choice of employment (Boswell et al., 2011, in Chapman et al., 2005). The information presented to the candidates at this time also includes the organizational rewards offered, and certainly marks its decision on employment. People balance everything they know about jobs from similar positions to those of the company that wants to attract them (Boswell et al., 2011, in Ryes and Cable, 2003).

Boswell et al. (2011) recommend the following elements for the process of attracting human resources to organizations (Boswell et al., 2011):

- Pay;
- Benefits;
- Work- life equilibrium;
- Performance and recognition;
- Development and career opportunities.

Maintaining valuable human resources in companies, represent a real challenge, and employers' willingness to provide attractive organizational rewards relying on career development, often compels competing businesses to review employee retention strategies (Kantar et al., 2015). When companies want to maintain employees for long periods of time, there is a need to create an environment where staff is rely on job security (Akhtar et al., 2015 in Chaminde, 2007). Other researchers are agreeing

with the idea that successful organizations share a fundamental philosophy of appreciation and investment in human resources (Akhtar et al., 2015 in Samuel, 2008).

2. The conceptual model of Total Rewards

The present research was designed based on the study "The relative influence of Total Rewards Elements on Attraction, Motivation and Retention", launched in January 2006 and finalized in May 2009 (Boswell et al., 2011). According to the WorldatWork proposed model, the dependent variables of research were: attracting human resources, motivating human resources and maintaining human resources, and the independent variables were: remuneration, benefits, work-life balance, performance and recognition, development and career opportunities. The relationship between variables were analyzed depending on: organizational culture, company strategy and human resources strategy, as illustrated in the following figure:

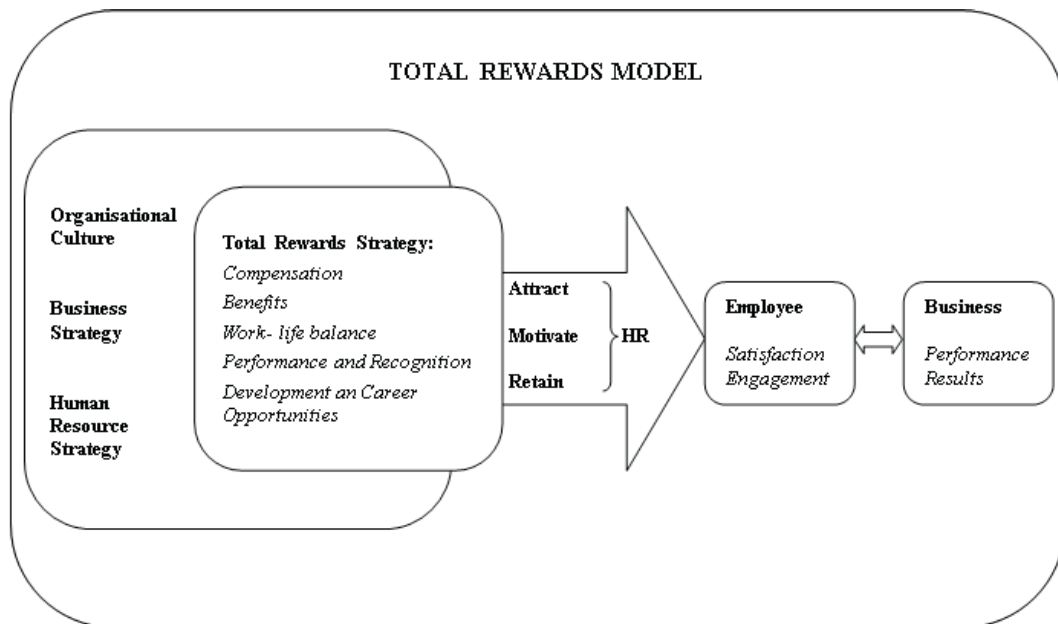


Fig. 2. The total reward model
(Source: Boswell et. al., 2011, p. 5.)

This model has three key behaviors in human resource management: attracting, motivating, and sustaining the workforce. Thus, a more comprehensive reward strategy is developed, and includes: remuneration, benefits, work-life balance, performance and recognition, development and career opportunities. The relationship between the expected behaviors and the total reward strategy develops in the context of a specific organizational culture, a business strategy and the human resources strategy chosen by the organization. The expected results are emphasizing the following: satisfaction and commitment from employees, and performance and progress for companies.

3. Research methodology

Before the final research, two stages of pre-testing were completed, which were extremely useful for setting the final methodology of the study (Hodor, 2015)). In table 1 are presented the samples from the three stages of research, along with arguments/motivation for the changes that were implemented in the structure from one stage to another:

Table 1. The sample in the three phases

No.	Step	Period	Sample structure	Arguments
1.	Check if the questionnaire translated is useful	April 2014	20 respondents (students from Economics, University Alexandru Ioan Cuza, Iasi, IInd year of study) (Hodor, 2015)).	<input type="checkbox"/> The most students are not employed; <input type="checkbox"/> Work experience it is not significant, so it is difficult for students to choose the rewards they want.
2.	Pre-test	December 2014	<input type="checkbox"/> 40 potential employees from business consulting industry (students from Economics, University Alexandru Ioan Cuza, Iasi, IInd and IIIrd year of study) (Hodor, 2015)); <input type="checkbox"/> 40 employees from business consulting industry from Iași (Hodor, 2015)). *	<input type="checkbox"/> Most of the students are not employed; <input type="checkbox"/> For students it is still difficult to understand, and thus to choose the rewards they want for employment and post employment; <input type="checkbox"/> For the employees from consulting area are not provided a variety of organizational rewards. Sometimes companies do not have a human resources management department, usually a responsible allocates only 2-3 hours a day for the main tasks in this area.
3.	Final research	January-June 2016	<input type="checkbox"/> 305 employees from multinational outsourcing companies from Iasi; <input type="checkbox"/> 77 employees from Romanian companies from Iasi; <input type="checkbox"/> 245 students from master and doctoral programs from universities from Iasi.	<input type="checkbox"/> Employees from multinationals that provide outsourcing services are familiar with the types of rewards as salary packages. HR departments are paying attention to the payroll practices; <input type="checkbox"/> Employees from Romanian firms have a limited salary package (not necessarily for pay, but rather as a variety of benefits); <input type="checkbox"/> Students from master and doctoral programs are interested in total reward model.

*Notes: Companies: S.C. Ap Start Consulting S.R.L.; S.C. Consulting Warters S.R.L.; S.C. Dal Consulting S.R.L.; S.C. Enter Grup Expert S.R.L.; S.C. Eurofond Consult S.R.L.; S.C. Open Consulting S.R.L.; S.C. Promo Concept S.R.L.; S.C. Relians Corp S.R.L.; S.C. Truman Consultats S.R.L.; S.C. X Media Company S.R.L.

For the final research 627 questionnaires were collected from three categories of respondents: 305 responses from employees of multinationals performing in outsourcing, 77 questionnaires completed by staff of several Romanian companies and 245 questionnaires from students (218 relating to students from masters and 27 related to PhD students). With other words, the sample includes: responses from employees of multinationals outsourcing services, answers to those employed in Romanian companies from services, and those from students from masters and PhDs.

Using remuneration, benefits, work-life balance, performance and recognition, development and career opportunities as main variable, the research hypotheses for this paper were:

- Hypothesis H1: All the five variables are important at the job interview.
- Hypothesis H2: All the five variables are important post-employment.
- Hypothesis H3: Between the importance given to the five variables at the job interview and the importance given to the same variables post-employment there are significant positive connections.
- Hypothesis H4: "The development and career opportunities" are more important at the interview than the other variables of total reward.
- Hypothesis H5: "Work-life balance" it is more important for maintaining employment (post-employment) than the other variables components of total reward.
- Hypothesis H6: Between satisfaction levels assigned to each variable and attitude to work there it is a positive significant relationship.
- Hypothesis H7: Between the satisfaction allocated to "work-life balance" and the separation between professional and personal life there it is a positive significant relationship.
- Hypothesis H8: Between level of satisfaction allocated for "development and career opportunities" and the importance of work there it is a positive significant relationship.
- Hypothesis H9: Between satisfaction levels assigned to each variable and getting a new job there there is a positive significant relationship.
- Hypothesis H10: The level of importance for each variable post-employment has always connected a smaller satisfaction.
- Hypothesis H11: All the five variables are levers to attract or maintain human resources in companies.

4. Results

The hypothesis of normality was tested for each of the three types of participants, considering gender, before and after hiring. Numerical variables for measuring the rewarding process were considered, which were appreciated with grades from 1 (minimum) to 5 (maximum). Before employment and post-employment, it can be affirmed with a 95% probability that the distributions for employees of multinational companies, falls within the range of the normal law. Before and post-employment of employees activating in Romanian companies, it can be affirmed with a 95% probability, that distributions do not follow a normal law. Prior to employment, for students and doctoral candidates, it was observed that with a 95% probability, these distributions do not follow a normal law. The same results were observed for post-employment of female respondents: this distribution does not follow a normal law. However, for the male respondents this distribution does follow a normal law.

Overall, the sample's distribution does not comply with the standards of normality and appears to be nonhomogeneous (employees from multinational companies, Romanian companies, and students from the master and doctoral programs). Therefore, for the correlation analyzes the Spearman coefficient was applied.

Constructs obtained lower scores for the importance of total rewards strategy during interviews compared to the scores of the importance of total rewards strategy after employment. Employees from multinational companies had an average of 3.79 (compared to 4.06), employees from Romanian firms have obtained an average of 4.05 (compared to 4.30), and students from the master and doctoral programs had an average score of 3.75 (compared to 3.97).

At the interview, employees from multinational companies have obtained the highest averages for job security (4.55), monthly salary (4.38) and opportunities for advancement (4.27). Post-employment the top rewards were: monthly salary (4.68), job security (4.66) and opportunities for advancement (4.59).

At the interview, employees from Romanian companies obtained the highest averages for prestige and reputation of the company (4.49), learning opportunities (4.43) and health benefits (4.34). Post-employment rewards top were: learning opportunities (4.73), monthly salary (4.61) and assistance given for relocation (4.60).

At the interview, students from the master and doctoral programs obtained higher averages for: opportunities for advancement (4.45), job security (4.32) and flexibility (4.25). Post-employment the top rewards were: monthly salary (4.66), opportunities for advancement (4.56) and flexibility (4.53).

The reasons given by respondents for the resignation from the last employer were:

38.9% of employees from multinational companies have chosen a new job working for a better pay, more than half of the employees of Romanian companies have made the same choice (54.7%), and only 29.2% of students (from master and doctoral programs) put remuneration above all other aspects;

24% of employees from multinational companies chose a new workstation according to studies, 17% of employees from Romanian companies and 29.2% of students from master and Ph.D. programs have made the same choice;

4.1% of employees from multinational companies chose a new workstation due to incompatibility with the line manager, all employees from Romanian companies did not make this choice, and a percentage of 8.3% of students (from master's and doctoral programs) have taken into account this aspect prior to leaving the job;

18.6% from employees from multinational companies chose a new workstation because of bad working conditions, 26.4% of employees from Romanian companies have made the same choice, and 16.7% of students (from master and doctoral programs) failed to take this aspect into account;

19% of employees of multinational companies chose a new workstation due to stress, 1.9% of employees in the Romanian companies have made this choice, and a percentage of 4.2% of students (from master and doctorate) have taken into account this aspect prior to leaving the job;

14.9% of employees of multinational companies have chosen a new job for other reasons than those listed in item number 4, 3.8% employees from Romanian companies have made the same choice, and 20.8% of students (from the master and doctoral programs) resigned by taking this aspect into account.

Respondents who chose to resign for other reasons than those mentioned in the questionnaire, have mentioned the following causes: change of address; dissolution of the company; abolition of the post of employment; the occurrence of bankruptcy; the existence of a determined period for the project; termination of employment; leaving the country with Erasmus scholarship; other opportunity to advance in rank and knowledge; lack of development opportunities; lack of motivating for future projects; home returning; substituting a person at work; economic crisis, motherhood and restructuring firm; environment with several national and multinational opportunities; the prestige of the new company; long-term prospects; the working environment- age; financial strength; de-motivation; flexi time; the existence of the working place only in summer; technologies used on the project; instability.

The Kruskal Wallis test was applied in order to verify statistically significant differences between the components of total rewards pre and post-employment by professional hierarchy, indicates that between managers and non-managers there are no significant differences in the importance of the five components of total reward. Considering that $N = 27$ for non-executive staff and $N = 391$ for the executive one, these results may not be necessarily true. The test was applied to all employed persons in the sample ($N = 418$).

To check statistically significant differences between the components of the reward total before employment, by gender, Kruskal Wallis was used. The results indicate that among female and male, resulted Sig was significant for the variables: personal-professional balance, performance, and recognition. The same test was applied post-employment and showed a significant Sig for the components: remuneration, personal-professional balance, performance, and recognition. Given that $N = 235$ male respondents and $N = 392$ for the female gender, the results seem to be acceptable. The test was applied to all the persons from the sample, whether they were employed or not ($N = 627$).

The Kruskal Wallis test was used to verify statistically significant differences between total rewards components before employment, using age as the control variable. The results showed significant Sig for the following components: pay and benefits. Post-employment, the test indicated significant Sig for all components except personal-professional balance. The number of respondents varies greatly from one group to another ($N = 294$, $N = 248$, $N = 63$, $N = 9$, $N = 12$, $N = 1$), but going over this, after employment, even personal-professional balance can differ significantly by age. The test was applied to all persons in the sample currently employed or not ($N = 627$).

In order to observe statistically significant differences between total rewards components prior to employment, depending on work experience (years), the Kruskal Wallis test was applied. The results indicated significant Sig for all components except personal-professional balance. The post-employment test indicates significant Sig for all components except benefits. The test was applied to all persons from the sample, employed or not ($N = 627$) and within the groups, the number of respondents varied ($N = 18$, $N = 58$, $N = 87$, $N = 148$, $N = 316$). Thus, the total reward requirements for a job interview depends largely on the experience from this field. Competencies are very important, along with personal qualities.

The Kruskal Wallis test was used again in order to verify statistically significant differences between total rewards components prior to employment. Depending on the business activity, significant differences were found in the importance of all the five components of total reward. This test applied post-employment among all fields indicates significant differences in the importance of all the five components of total rewarding, excluding the development and career opportunities. The number of respondents varies considerably from one area to another ($N = 7$, $N = 195$, $N = 140$, $N = 46$, $N = 22$, $N = 1$, $N = 7$), and these conclusions seem to be veridical. However, in order to keep employees in companies, regardless of the field, development and promotion are absolutely necessary. The test was applied only to the employed individuals ($N = 418$).

Between the total reward strategy taken from the stage of the interview to the post employment one, a very strong and positive relationship (0.823) was observed. The correlation is statistically significant (Sig it is less than 0.01).

The model for attracting human resources in companies considering the sample ($N = 305$) is:

$$Y = 2,776 + 0,109 * X_2 + 0,177 * X_3 + 0,145 * X_5$$

$$\text{Attracting_human_resources_IA} = 2,776 + 0,109 * \text{Benefits_IA} + 0,177 * \text{Balance_prof_pers} + 0,145 * \text{Performance_and_recognition}$$

Attracting human resources obtained an average equal to 2,776 (from 5), when the importance for benefits, work-life balance, performance and recognition are null. Attracting human resources increases by 0.431 when the importance for the same variables increase by one unit. In other words, the more the respondents appreciate the value of these three independent variables of the model (which are presented as rewards during the interview), the more the acceptance of candidates to be recruited is increased.

To validate the model, it was necessary to test the regression coefficients and the model itself. For the regression coefficients, Sig it is less than 0.05 for each variable analyzed. With respect to the model, the Fisher test, after giving up the insignificant parameters, is $F = 32.040$, with a Sig = 0 (less than 0.05), which indicates that the model is well specified. In addition, the model has no multi colinearity (VIF values are lower than 3 for all the independent variables), it is heteroscedastic (the Glejser test indicates values of Sig greater than 0.05 for the independent variables from the model), and the errors are normal.

The model for maintaining human resources in companies considering the sample (N = 305) is:

$$Y = 2,812 + 0,173 * X1 + 0,127 * X2 + 0,140 * X5$$

$$\text{Retention_human_resources_PA} = 2,812 + 0,173 * \text{Remuneration_PA} + 0,127 * \text{Benefits_PA} + \\ 0,140 * \text{Performance_and_recognition}$$

For the retention of human resources, it was obtained an average equal to 2,812 (from 5), when the importance for pay, benefits, performance and recognition are zero. The retention of human resources increases by 0,440 when the importance for the same variables increase by one unit. In other words, when employees appreciate the variables from the model (remuneration, benefits, performance and recognition) and these are improved by the company, then will increase the chances for employees to remain in the organization.

The results obtained in this empirical research can be used in the processes of attracting and retaining human resources. A very interesting result is that total reward negotiation can be carried out in different manners, all depending on the type of person you are dealing with (employee from a multinational company, employee from a Romanian company, student). It has to be taking into account the importance given to each variable of total reward, and from there establish a strategy. Interested parties can use the empirical results of testing the total reward model, especially if they're looking for employees from multinationals.

5. Conclusions and further research

Hypothesis H1 (All the five variables are important at the job interview) is partially validated, and hypothesis H2 (All the five variables are important post-employment) is validated. Comparing the important value 4 (test value) with the averages for all the relevant for the variables entire sample, before employment was recorded a significant Sig ($\geq 0,05$) just for development and career opportunities (0.064). Taking into account the fact that the averages of the variables are close to 4 (3.85; 3.70; 3.72; 3.94; 3.83), the hypothesis is partially validated. Post-employment indicated a Sig value close to 0.05 for two variables: personal-professional balance, performance, and recognition. The t-test (before and post-employment) was conducted with a reference value of 4 (test value), because according to the Likert scale, the "important" level of a variable corresponds to an arithmetic average of 4 of 5, with a level of satisfaction of 80%.

Hypothesis H3 (Between the importance given to the five variables at the job interview and the importance given to the same variables post-employment are significant positive connections) it is validated. The links between these variables are statistically significant (Sig < 0.01). Moreover, there are positive correlations, strong or very strong.

Hypothesis H4 ("The development and career opportunities" are more important at the interview than the other variables of total reward) it is not validated. The variable development and career opportunities proved to be the most important reward for attracting human resources from the entire sample, with an average of 3.94 from 5, and a satisfaction level of 78.8%. However, obtaining a null value for Sig, the variable development and career opportunities it is an important reward for attracting human resources compared to other variables.

Hypothesis H5 ("Work-life balance" it is more important for maintaining employment (post-employment) than the other variables components of total reward) it is validated. Descriptive analysis of the variables and constructs of the final research by categories of respondents, the variable work-life balance obtained an importance of 3.94 out of 5, with a satisfaction level of 78.8%. With Sig 0.256, the variable a significant work-life balance proved to be the most important for maintaining human resources than other variables.

Hypothesis H6 (Between satisfaction levels assigned to each variable and attitude to work there is a positive significant relationship) it is validated.

Hypothesis H7 (Between the satisfaction allocated to "work-life balance" and the separation between professional and personal life there is a positive significant relationship) it is validated.

Hypothesis H8 (Between level of satisfaction allocated for "development and career opportunities" and the importance of work there is a positive significant relationship it is validated.

Hypothesis H9 (Between satisfaction levels assigned to each variable and getting a new job there is a positive significant relationship) it is validated. The links between these variables are statistically significant (Sig <0.01) and very poorly or weak positively correlated.

Hypothesis H10 (The level of importance for each variable post-employment has always connected a smaller satisfaction) it is validated. For all categories of employed respondents, the importance of the components of the total rewards strategy it is higher than satisfaction for the same variables. For the individual variables was obtained a zero Sig so that all the post-employment importance's proved to be higher than the levels of their satisfaction. The t-test was conducted with a reference value (test value) of 2.87 as the minimum of the average for all employee satisfaction it is 2.87.

Hypothesis H11 is partially validated (All the five variables are levers to attract or maintain human resources in companies), noting that development and career opportunities it is a variable statistically insignificant for the model of attracting and keeping employees in companies. This component of total rewards was considered as important in the descriptive analysis and that its exclusion was performed only in statistical terms. The arguments are the following: the distribution it is not normal because most respondents tend to give as close to maximum (5) for all the elements of organizational rewards.

This research is limited to the sample considered, and the empirical total reward model results are valid only for the multinational companies that are activating in the service industry. The concept of total rewards to attract and retain human resources is proposed for all categories of respondents, and specifically for the multinationals that are currently in Romania and provide outsourcing services.

As future research, these results can be considered useful for organizations to deepen the differences between reward and satisfaction for the important items assigned to them. Also, points of attention can be directed to comparative approaches in, case studies for organizational rewards.

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