Probing the effects of Career Planning and Reward on Employee Performance and Retention: An empirical Examination

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Abstract: The goal of this paper is to determine whether career planning and reward are in anyway related to employee performance. It also examines whether career planning and reward relate to employee retention. A sample of 300 workers of the Ministry of Education Sokoto in Nigeria was purposively selected. It is assumed that supporting the career plans of workers in the said ministry deserves an immediate attention because their initiative could usher in the needed change in salvaging the education system from becoming the shadow of its former self. In the end, the results indicate that two out of the three speculated relationships are established as been significantly correlated and one appeared insignificant. Thus, managers and administrators in public organizations are encourage to ensure good career planning and adequate reward in order to promote high employee performance and retention.

Keywords: career planning, reward, employee performance, employee retention.

1. Background

Even though the concept of career planning has become a scorching topic of concern in recent years yet, it remains a paucity of rigorous academic literature on the subject. Again, a great deal of interest in career planning around the globe has been bisected with myriad of confusions in its conceptual definitions and inconclusive and conflicting findings. This is perhaps very true as the concept is measured in many varied ways. The fundamental nature of career planning is to create an avenue where employees are availed with the opportunity to contribute their initiatives that will one way or the other impact positively on organizational goals. It is no longer a secret today that organizations particularly in the Nigerian context hardly engage all their employees in to full organization activities, and some moderately do. The fact is that there is always a demarcation between those favored – the actively involved and those that are unprivileged- passively involved.

1.1   Objectives of the Study

1. To examine the relationship between career planning and employee performance

2. To assess the correlation between career planning and employee retention

3. To examine the relationship between reward and employee performance

4. To examine the relationship between reward and employee retention

2.   Related Literature and Hypotheses Development

2.1   The concept of career planning

It is an unremitting decorous procedure that aims at developing employees and organization requirements. For an organizational continuity and employee retention to be attained Leibowitz and Schlossberg (1981) argued, career planning is by far very paramount. From the perspective of organization, an employee receives the basic direction on potential career routes to attain career goals. After all, it is part of organizations' desire for continuity, instigating and communicating career alternatives to employees. It is also stressed that organizations ought to provide an environment that will smooth the growth of career development by employees (Golden *et al.,* 2006). More so, the concept of career planning refers to a sort of progression through which employees device their career goals and tactically builds up a ample plan for attaining those goals (Byars & Rue, 2004).

Again, viewed differently from the employee point of view, it has been made clear that career scheduling is more of an individual duty than it is of any of the remaining stakeholders (i.e. Head of Department) thus, vigilant and mindful preparation rests wholly with the individual employee (Nura & Osman, 2013). Despite the fact that it is more of individual responsibility, career planning requires organizations to provide experts to guide employees through their chosen careers (Hong *et al.,* 2000).

Kasprisin *et al.,* (2003) and Antonia (2010) added that even the employees of department are very strong sounding boards who direct and watch their subordinates on how to go in relation to their career development processes and assist the employees competently to

appraise career decisions. Career development differs among organizations depending on their level of complexity and significance they accord career planning.

2.2 Career Planning and Employee Performance

The thought of successful connection between career planning and employee performance depends largely on the organization's aptitude to transit their employees from a mere customary pattern of anticipation to an enhanced duty that ushers the growth and development of their career (Martin, Romero, Valle & Dolan, 2001). It has been so much argued that a glowing articulated employee career planning system enables organizations to ably utilize the human assets by corresponding the skills, knowledge, and objectives of individuals to those of the organizations. More so, it helps the organizations have efficient and point striking decisions on issues regarding employee involvement, maintenance and retention (Thite 2001, Kapel & Shepherd 2004; Kaye, 2005). No wonder, Purcell (2006) also pointed out that previous researches have continuously established links between career planning and employee performance.

When employees are in the heart of a career shift, they repeatedly mirror on the innovation and become more skilled and committed due to the fact that they have the needed support to usher in positive changes to their respective duties. Nura and Osman (2013) pointed out that with a sound career plan employees become very fervent about their work which will certainly reflect positively both from individual and organizational perspectives. In a similar fashion, it has been detailed in previous studies that the role career planning plays in securing improved performance is very complex, holistic and continuous. It attracts these qualities because of its eminence in developing precision on goals and ensures erudition from the past experiences of others; it also becomes all-encompassing and uninterrupted because it seeks out challenging tasks in the work with the aim of proffering lasting solutions (Nura, 2013; Nura & Osman, 2013). These sighted arguments led to the formulation of the first hypothesis

H1: That career planning and employee performance are significantly correlated

2.3 Reward and Performance

There is this popular contention that one of the best ways to capture employee demands, commitment and performance is by understanding their inclinations towards salary. This argument finds support in the issues raised by Armstrong (2006; 2008) that employees with certain expertise often make continuous demands for reward preferences which organizations listen and act upon. Similarly, it has also been argued that reward plays a paramount

role in successful career planning for academics by ensuring a pay for performance plan that will assist them to rise up to the peak of their careers (Nura & Lawal, 2013) . This argument is based on the belief that it encourages individual improvement, it facilitates healthy competition among employees and it brings about commitment in ones job. On the basis of these elaborations, the second hypothesis is stated:

H2: That there is a significant relationship between reward and employee performance

2.4 Career Planning and Employee Retention

A number of disputations such as in Miller *et al.* (2006), Robbins and Coulter (1996) point out that when organizations fully understand the need of their employees challenges of maintaining them and satisfying become relatively easy. In other words, organizations' inability to understand the need of their employees warrants in ability to satisfy them which includes in ability to properly and adequately plan for their career development, which is what Cury *et al.* (2002) refer to as "incomplete motivational climate", it will generate apprehension, conflicts are bound to occur and retaining employees becomes a greater challenge.

In the same dimension, Nura and Osman (2013) attribute lost of skilled workers to potential competitors to lack of good career planning. When organizations lose employees, the consequences are grave. This could be simplified by saying they lose resources, knowledge and experti which perpetually affects the progress of the organization. These losses as extensively discussed by scholars, could be avoided if organizations understand their employees and have a plan for their career progression. The above mentioned arguments support the formulation of the third hypothesis:

H3: That there is significant correlation career planning and employee retention

2.5 Reward and Employee Retention

Employee Retention remains very critical and potential for organizations in the contemporary world of today. It is even more paramount when organizations contend insistently for talented employees or market or both. As elaborately discussed by Scott *et al* (2003) organizations struggle to retain those employees that are high flying and who possess the requisite potentials for organizational advancement in whichever way possible and salaries are part of the strategies used. More so,

it has been buttressed that a reasonable number of employees are retained through salary increment (Nura & Osman, 2013; O'Connell & Kung 2007). In a similar approach, other scholars like Armstrong (2008), Chhabra (2005), Jones and George (2006), believe spirited compensation and welfare packages such as salary, bonuses, stock options, and health schemes and retirement packages are some of the means organizations utilize to be able to keep employees onboard. These evidences led to the statement of the forth hypothesis:

H4: That reward and employee retention are significantly correlated

3 Methodology

This research is a survey and cross sectional research and the data used for this study were collected in February and May 2015 using a questionnaire instrument that was distributed to 300 employees of the ministry of education Sokoto. From the 300 questionnaires distributed 209 usable questionnaires were duly filled and returned, a response rate close to 70% percent. To be able to determine the Consistency of the survey instrument, a check was conducted on the Content validity. All the items used in the questionnaire were adopted from different sources where their validity have been established and already accepted in the literature. Construct internal consistency was further assessed using the computed Cronbach's alphas and Construct composite reliability. To further consolidate the authenticity of

the instrument scales, discriminant validity was also examined.

4 Analyses of Findings

In this segment of the study, the data obtained in the course of research was analyzed using SmartPLS 2.0 M3 (Ringle *et al.,* 2005). Measurement model evaluation was undertaken where the composite reliability, Average variance extracted AVE and factor loadings of the study constructs were assessed, discriminant validity assessment and goodness of Fit were also undertaken. The structural model evaluation followed where the hypothesized relationships among the variables were tested and decisions on the acceptance or otherwise of the hypotheses was also shown.

4.1 Measurement Model Evaluation

As earlier mentioned in the methodology, this study used SmartPLS 2.0 M3 (Ringle *et al.,* 2005) as the tool for analysis. This tool analyses data from two different steps of measurement and structural models. The first step which is the measurement model mainly ascertains the reliability of the measurement scales used in the study and it also treats the goodness of fit of the model to be able to determine the global applicability (Ramayah, Lee & In, 2011).

Table 1: *Convergent Reliability Analysis*

Construct	Items	Loadings	Composite Reliability	AVE
Career Planning	CP1	0.98	0.94	0.88
	CP2	0.88		
	CP³	0.81		
	CP5	0.79		
	CP6	0.83		
Reward	RW1	0.9	0.86	0.83
	RW2	0.92		
	RW3	0.88		
	RW³	0.86		
Employee Performance	EP1	0.76	0.95	0.77
	EP2	0.79		
	EP3	0.82		
	EP³	0.89		
	EP5	0.88		
Employee Retention	ER1	0.79	0.92	0.86
	ER2	0.75		
	ER3	0.91		
	ER³	0.82		

The Table 1 above displayed the results of the AVE calculations together with the factor loadings and composite reliability of the study constructs. As shown in the Table 1, the AVE values that range from 0.77 to 0.88, with corresponding composite reliability values also ranging from 0.86 to 0.95 translates that the items used in the study truly measure the constructs and as well indicate an achievement of convergent validity. Table 2 displays the result of discriminant validity assessment.

Table 2:
Discriminant Validity

Construct	CP	RW	EP	ER
CP	**0.83**			
RW	0.52	**0.72**		
EP	0.54	0.56	**0.75**	
ER	0.34	0.15	0.51	**0.71**

Table 2 displays the evaluation of discriminant validity was undertaken to assess the extent to which measures of constructs are related. In doing that, the square root of the AVE of each construct was taken into consideration. As shown in Table 2, along the diagonal are the values of the square root of the AVE which are greater than all those values that are off the diagonal and that confirm sound discriminant validity.

4.2.1 Goodness of Fit

Before the researches proceed with evaluation of the structural model of analysis, goodness of Fit was assessed to be able to determine the fitness of the study model which points to large-scale applicability of the model. As Tenenhaus *et al.* (2004) explained, goodness of fit is the geometric mean of the average communality and the average of the R^2. As buttressed by Hair *et al.* (2011), the closer the goodness of fit is to 1, the more powerful it is. Based on these mentioned arguments by scholars this study evaluates the goodness of fit using the following formula:

$$\text{GoF} = \sqrt{R^2 \text{ x Average of Communality AVE}}$$

The Table 3 displays the results of GoF based on the formula

Table 3: *Goodness of Fit*

	Composite Reliability	Communality	R Square
CP	0.812645	0.427019	
EP	0.871012	0.57481	0.340318
ER	0.810006	0.516556	0.213377
RW	0.868905	0.624439	
GEOMEANS		0.530450345	0.269473624
			0.28588
GoF			**0.534681918**

As argued by Wetzels *et al.* (2009) the GoF value is categorized based on strength i.e. 0.1 = small; 0.25 = medium and 0.36 = large. As shown in Table 3, the GoF value obtained goes beyond 0.36 which is an indication of a very strong fitness and adequate global validity.

4.2 Structural Model Evaluation

This segment concerns the testing of hypotheses. In this study it was undertaken using bootstrapping output and the decision on the acceptance or otherwise of the hypotheses was based on t-values at 5% level of significance.

Table 4:
Results of Hypotheses testing

Hypotheses	Beta	(STERR)	t-value	Decision
CP -> EP	0.536	0.064	8.315	*supported*
CP -> ER	0.363	0.078	4.671	*supported*
RW -> EP	0.090	0.079	1.143	*not supported*
RW -> ER	0.164	0.073	2.232	*supported*

As indicated in the Table 3 above, three of the four hypothesized relationships appear to be significant and one is not significant i.e. career planning (CP) and employee performance (EP) demonstrates significant relationship with a β value = 0.536 and a t-value of 8.315. Also, the correlation between career planning (CP) and employee retention (ER) appears significant with a β value = 0.363 and a t-value of 4.671. The hypothesized relationship between reward (RW) and employee performance (EP) depicts no significance as evidenced in β value = 0.090 and a t-value of 1.143. Finally, the speculated correlation between reward (RW) and employee retention (ER) is also supported with β value = 0.164 and a t-value of 2.232. The study model is displayed in Figure 1 below.
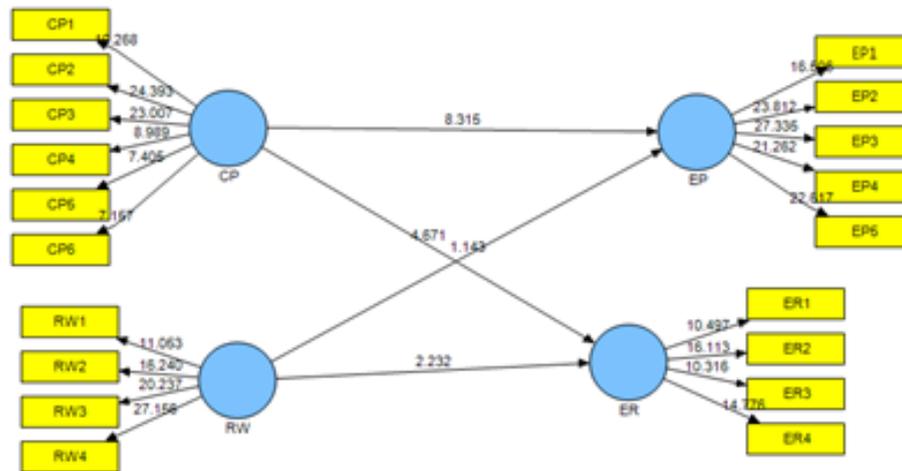

Figure 1

The Study Model

4.3 Predictive Relevance

This study further evaluates the predictive ability of the model. It was undertaken through blindfolding to determine how the values are assembled around the model. The output of cross validated redundancy was used because it explains how capable the model is to predict the endogenous variables. It is believed that if the predictive ability of the model goes beyond "1", it has the ability to predict relationship and if the value falls below 1, the model has no predictive power.

Table 5:

Cross validated redundancy

Total	SSO	SSE	$1-SSE/SSO/Q^2$
EP	1605	1327.862377	0.172671
ER	1284	1161.078332	0.095733

The table 5 indicates that in column 4, Q^2 shows an outstanding relevance of 0.172671 for the EP (employee performance) and 0.095733 for ER (employee retention). This perhaps points out that the model of this study has a predictive bearing (Hair *et al.,* 2011).

5. Discussion of Findings

This relationship between career planning and employee performance is found significant in this study. The finding concurs with those of Kumar and Swetha (2011), Kaye (2005), Patrick and Kumar (2011) who in their individual studies discovered that be short of career planning obstructs employee performance. Of course, the act of managing and supervising employees towards the realization of their individual career goals is one thing capable of guaranteeing their obligation towards organizations. Interestingly so, this study finds support in the extant literatures such as Bakker *et al* (2004), Harter *et al* (2002) who pointed out that there is a significant association between career planning and employee performance. Little wonder then therefore that several organizations these days assign lots of capital in developing the careers of their employees to be able to dig out the best in them. The next paragraph discusses the finding on the second hypothesis.

The hypothesis on the relationship between career planning and employee retention is found significant and supported in this study. This finding was backed up with the results of Macey *et al.* (2009) who tinted that organization ability to retain employees is principally determined in the organization ability to show concern on employee career growth and development. In addition, More and London (2010) confirmed plainly in their findings that one of the easiest way to combat turnover intentions is by winning them their commitment and career planning in the opinion of Nura and Osman (2013) is one of the strategies involved. In the next paragraph, the third finding was discussed.

The results of hypotheses testing revealed that relationship between reward and employee performance is not significant in this study. The concept of reward does not only mean pay but, a wide-ranging employment package (Zaman *et al.,* 2011). The findings of this research contradict a number of literatures. For instance, Tantau *et al.* (2010), Rayton (2003) and Reddington (2005) all consider that reward and employee performance have a well-built connection between them. This study found that reward has no significant influence on employee performance management because numerous recent studies such as (Nura & Osman, 2012; Nura & Tabiu, 2013). The discussion that follows was on the fourth finding of this study.

This relationship is supported in this study. The finding of this study corresponds with the opinion of Schermehorn (2010) who pointed out that exciting association attaches reward to employees desire to stay in an organization. In addition, Proper *et al.* (2009) sighted in Nura and Osman (2012) also found out that compensation influences employee behavior. Although employees have diverse perception concerning reward, Chiang and Bitch (2008) reiterate that whether reward was presented in form of financial or non financial structure, it is paramount because it is capable of influencing employees' dedication to their jobs. No wonder, salary is seen as a prime motivator and many employees hold it in the highest regard.

6. Conclusion

This study was undertaken to understand the relationship between the two important management practices of Career Planning and Reward on Employee Performance and Retention. The findings proved that Career Planning and Reward are important HRM practices that predict employee retention in organization. Additionally, it was revealed that career planning predicts employee performance while reward is not a predictor of employee performance in this study. Therefore, managers and administrators in public organizations are encourage to ensure good career planning and adequate reward in order to promote high employee performance and retention.

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