

# Human Resource Strategies for Ensuring Employee Retention in Third-Party In-House Service Operations

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**Abstract**—Employee retention is critical for maintaining stable business operations, particularly within the complex framework of third-party in-house service agreements. This study investigates the influence of Human Resource (HR) strategies on employee retention among production workers in third-party in-house service operations at Light Industry Science Park 1 (LISP 1) in Cabuyao, Laguna. Using a descriptive-correlational research design, the study analyzes five core HR strategies: Training and Development, Compensation and Benefits, Employee Engagement and Recognition, Career Growth and Advancement, and Performance Appraisal and Feedback Systems. The research is grounded in the Social Exchange Theory (SET) and the Ability-Motivation-Opportunity (AMO) framework. Data gathered from 216 respondents reveal that while all HR strategies are implemented effectively, Career Growth and Advancement Opportunities emerged as the only statistically significant predictor of employee retention in this specific industrial context. Spearman's rho correlation further confirms a significant moderate positive relationship between the overall implementation of HR strategies and employee retention. The findings suggest that organizations can effectively stabilize their workforce by shifting from transactional employment to a "career destination" model that prioritizes transparent internal mobility and "feedforward" coaching. The study concludes with a proposed implementation matrix designed to enhance workforce stability by aligning professional aspirations with organizational goals.

**Index Terms**—Employee Retention, Human Resource Strategies, Third-Party In-House Operations, AMO Framework, Career Growth and Advancement, Social Exchange Theory.

## 1. The Problem and its Setting

### A. Introduction

Employee retention is extremely important to successful businesses, especially when it comes to navigating the complexities of third-party in-house service agreements. Within this framework, another company performs services directly upon the client's grounds to provide their contracted services at a reduced expense. As a result of this complexity, a portion of the workforce has the potential to feel disconnected from the organization's mission and vision. Having many employees leave the organization directly leads to increased costs for recruiting, hiring, training; as well as affecting the

level of quality of the organization's services. This research will evaluate how different HR Strategies (Training & Development, Compensation & Benefits, Employee Engagement & Recognition, Career Growth & Advancement, and Performance Appraisal & Measurement Systems) relate to the major employee retention metrics using Social Exchange Theory (SET) and the Ability-Motivation-Opportunity (AMO) framework.

## 2. Methodology

In this study, the process for examining the relationship of organizational inputs to behavioral outcomes through an applied and systematic approach will be discussed, which will include describing the research design, the participating groups, and the analytic tools used in this investigation.

### A. Research Design

The design of the research is a type of descriptive-correlation impact analysis to establish and quantify systematically the relationship among the variables. The Descriptive-Correlational design quantitatively identifies both the quantifiable strength and direction of a relationship, yet does not infer causality, between HR strategies and retention outcomes.

### B. Respondents and Locale

The study was conducted at the Light Industry and Science Park 1 (LISP 1) in Cabuyao City, Laguna, a primary economic hub hosting numerous third-party service operations. The sample consisted of 216 production workers, primarily comprised of assemblers (45.40%) and operators (39.40%), representing six participating organizations.

### C. Instrumentation

A survey questionnaire was created to gather data and develop the conceptualization of the chosen variables. The framework was divided into three areas – employee demographic profiles, the metrics associated with the HR strategy, and the indicators used to determine retention status for employees – and received a Cronbach's alpha reliability coefficient of 77 percent following expert review.

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### 3. Result

#### A. Level of Implementation of HR Strategies

HR strategy implementation has been assessed favourably and the following areas stood out for their impressive performance. Training and development were rated as quite successful via a mean of 3.28 with respect to the adequacy and thoroughness of providing new hires with orientation ( $M = 3.37$ ). Compensation and benefits were rated favourably ( $M = 3.20$ ) as well with respect to the rated level of benefits ( $M = 3.27$ ) viewed more positively than that of competitive salary ( $M = 3.12$ ).

With respect to employee engagement and recognition, very positive ratings were provided ( $M = 3.26$ ); hence, employees greatly valued acknowledgement by their supervisors through consistent recognition ( $M=3.30$ ).

Very positive ratings were also provided for opportunities for career growth and advancement ( $M=3.26$ ), with the clarity of promotion processes being highly regarded by employees ( $M=3.34$ ).

Lastly, performance appraisal and feedback systems were viewed as effective ( $M=3.23$ ), with formal annual performance reviews ( $M=3.28$ ) representing the strongest criterion for success.

#### B. Employee Retention Status

Overall, retention metrics were classified as "Evident" with different levels of strength. Attendance and punctuality were rated "Highly Evident" ( $M = 3.34$ ) with respondents indicating that they make a conscientious effort to maintain good attendance ( $M = 3.35$ ). Commitment to the company's goals was rated "Evident" ( $M = 3.16$ ) and includes a willingness to go above and beyond ( $M = 3.22$ ). Length of service was rated as "Evident" ( $M = 3.10$ ) with job security noted as contributing to this measure ( $M = 3.15$ ). Job satisfaction was rated as "Evident" ( $M = 2.94$ ), and the greatest factor that would contribute to an employee's decision to stay at the organization was their commitment ( $M = 3.01$ ). Finally, while some employees indicated they would like to leave ( $M = 2.32$ ), the rate of employee turnover and resignation was rated as "Slightly Evident."

#### C. Correlation and Predication

Results of a spearman rho analysis indicate a moderate and significant positive correlation ( $\rho = .461, \rho < .001$ ) between an organization's overall HR strategy implementation and employee retention. Likewise, a multiple regression indicated that the five HR strategies together predict 32.9% of the variance ( $R^2 = .329, \rho < .001$ ) in employee retention. Of these five HR strategies, career growth and advancement opportunities were the only statistically significant predictors of employee retention ( $\rho < .001$ ), highlighting these HR strategies as being critically important in influencing employees' decisions to remain with an organization.

The table 1 confirms that Career Growth and Advancement is the only HR strategy that truly predicts if a worker will stay.

Table 1  
Multiple regression analysis predicting employee retention

| Variable                               | Estimate      | SE            | t            | p               | Interpretation               |
|--|---------------|---------------|--------------|-----------------|------------------------------|
| Intercept                              | 1.3621        | 0.1732        | 7.863        | <.001           |                              |
| Training & Development                 | -0.0304       | 0.0479        | -0.634       | 0.527           | Not a significant predictor  |
| Compensation & Benefits                | 0.092         | 0.0609        | 1.511        | 0.132           | Not a significant predictor  |
| Employee Engagement & Recognition      | 0.0933        | 0.0612        | 1.524        | 0.129           | Not a significant predictor  |
| <b>Career Growth &amp; Advancement</b> | <b>0.2478</b> | <b>0.0631</b> | <b>3.926</b> | <b>&lt;.001</b> | <b>Significant predictor</b> |
| Performance Appraisal & Feedback       | 0.0942        | 0.0595        | 1.582        | 0.115           | Not a significant predictor  |

Model Statistics  $R^2 = .329, F = 20.5, p < .001$

### 4. Discussion

#### A. Theoretical Alignment with Social Exchange Theory

The findings indicate HR practices are crucial to Strategic Drivers in Laguna's industrial setting. Implementation of Training & Development effectively indicates that Investments made in Learning will be perceived by the employee as an organizational resource to them. This correlates well with Social Exchange Theory (SET) suggesting that when employees see that their organizations offer them true support through HR Investments, they will develop a psychological obligation to return support for these investments by exhibiting positive work behaviors and increasing their commitment to their employers.

#### B. The Centrality of Career Opportunity in the AMO Framework

The finding indicates that as long as workers have the opportunity for Career Growth and Advancement, their decision to stay with an employer will largely based on the perception of having a visible career in the company, rather than on transactional influences such as pay or being provided with formal performance evaluations. This aligns with "Opportunity" (O) in the Ability/Motivation/Opportunity (AMO) framework. Specifically, employees who have a realistic, attainable career pathway to follow will be able to internalize their employer's goals and demonstrate greater loyalty to their employer. Conversely, the absence of an upward career path remains one of the leading reasons why employees voluntarily leave their current job.

#### C. Behavioral Discipline vs. Emotional Attachment

The high levels of attendance and punctuality ( $M=3.34$ ) demonstrate that there is a strong level of workplace discipline and reliability from the workforce. However, the moderate levels of job satisfaction and commitment indicate that although employees are reliable, there is only "evident" emotional attachment and no "highly evident" emotional attachment. This gap identifies timing when the management needs to start moving from a transactional management style to a more growth-oriented ecosystem in order to convert professional discipline into true emotional commitment and attachment.

#### D. Contextual Challenges of Third-Party Operations

Employees working in a third-party contract service environment may experience isolation, as they are subject to

dual reporting lines. There is evidence that proactive career pathing can provide a stabilizing force against these issues. Organizations can help to close the gap between daily HR functions and the need for a stable workforce in highly competitive industrial areas such as LISP 1 by providing clear opportunities for internal career advancement.

### 5. Conclusion and Recommendations

The purpose of this research project was to examine the impact of workforce stability in third-party service environments. The research results show that, to a great degree, internal mobility creates visible indicators of how stable a workforce will be, and while organizations demonstrate success at developing skills and creating engagement, the security of long-term tenure is enhanced by the presence of visible indicators of employer commitment to provide employees with the opportunity to advance their career paths. It is critical for the management of these organizations to create a transparent career ladder that provides a clear three to five year career development roadmap for their front-line workers; implement a “Skills-to-Stay” initiative that directly links technical training to the organization’s formal internal promotion pathways; improve relational incentives to support the transition of employees with high attendance records into highly emotionally committed employees by recognizing their contributions through non-monetary recognition and service awards.

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