

A Study on Factors Influencing the Employee Retention

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Abstract

This study aimed to determine the impacting drivers of employee retention using behavioural economic insights in Practices and policies, Environmental factors, Social Factor and Economical factors on selected financial company of Mumbai region, India. Respondents were 50 financial company employees, male and female of different age. The researcher employed a descriptive-quantitative design and developed a validate, self-constructed questionnaire as instrument. The sampling technique used was random. Data were gathered through survey. Statistical tool SPSS V.21 was used to test the hypothesis of study. The found out that factors identified are identified are sufficient to study employee Retention.

Keywords: Practices and policies, Environmental factors, Social Factor and Economical factors

Introduction

Managing people is one of the important processes in any organization. It's been developed to manage people in the organization. Most of the top organizations consider the average employees as the primary source of revenue. These organizations consider employees rather than capital as the core foundation of the business and contributors to firm development. To get to the point where organization wants they need to create an atmosphere of commitment and cooperation of all the employees however to get that they need to have certain policies that motivate employees to work hard and for their satisfaction as well. Usually highly motivated employees are loyal to the organization and hence better productivity and less turnover. However, there are lots of strategies which organizations can use to motivate employees and hence their job satisfaction goes up. The earliest strategy is to use wage increases to link job satisfaction and motivation to organizational commitment (Hill & Wiens- Tuers 2002). with the recognition that this is not enough to bring about motivation expressed in job satisfaction, other perspectives emerged giving particular importance to the training and skills development of employees (Woodroffe 2000) applied through the underlying principle of continuous organizational learning.

The approach used over here is holistic it targets development of a certain quality of employment life which gives fair wages, benefits, other employment conditions, and career development to the employees so that they are always motivated to work and they have high level of job satisfaction. However, it's not very east to achieve when it comes to individual organizations. It completely depends on organization which way they want to go to meet the needs of employees and achieve organizations objectives.

Scope of the Study

This will be helpful for the management to know their employees' mind set towards their job. The recommendation and suggestion of the study can also be applied to similar project. It will be helpful for the management to identify the needs of employees in order to retain them in the organization. This project can be used for the students who doing the project in the related area and to the organization to have best retention strategies. It's about managing people. If an organization manages people well, employee retention will take care of itself. Organization should focus on managing the work environment to make better use of the available human assets.

Objectives of the Study

1. To explore the relation between various factors and job satisfaction.
2. To study the impact of Economic factors on Retention.

Literature Review

1. **Eric Ng Chee Hong, Lam Zheng Hao, Ramesh Kumar, Charles Ramendran, Vimala Kadiresan (2012)**, the research was directed to study how employees esteem importance of Equity and compensation, Job design through training and expectancy toward effective performance management on their retention. The work environment in the organizations is such nowadays that it's really difficult to retain the performing employees. The study shows that there is a substantial relationship between the factors of training, compensation and appraisal on University of Y lecture's retention. This shows that the research has found how different culture might have effect on the employment satisfaction and henceforth Retention of valuable employees.
2. **Robert Eisenberger (2001)**, the recruitment of public sector health facilities in remote rural areas is a serious challenge for the many ministries of health. It is very difficult to find out the reasons for the attraction and retention. The organizations try to learn what would work the best between problem analysis and strategy and effective navigation through the politics of implementation that any headway will be made against the almost universal challenge of staffing health service in rural areas. The Research shows that the simple framework can start the process. However the kind of research is done are not enough and more evidences need to be found which would lead to identify and implement the strategies to improve the attraction and retention. Also such strategies are successful in the long run for the organizations especially it works really well when it comes to staffing in remote areas.
3. **Dr. K. Balaji Mathimaran & Prof. Dr. A. Ananda Kumar (2017)**, the research paper aims to provide new vision into the factors that inhibit the knowledge transfer and also studies the impact of knowledge transfer on CBA performance. The research shows that knowledge transfer and employee retention do influence the CBA performance and also the culture of the organization gets the negative impact on CBA performance. However, also to facilitate the relationship between the knowledge transfer and CBA performance. This research found one important development which was the conceptual framework incorporating the mediating effect of the national cultural reserve, Organizational cultural variances and employee retention on knowledge transfer and acquisition performance.
4. **Bidisha Lahkar Das and Dr. Mukulesh Baruah (2013)**, in today's day and age the organizations are facing lot of challenges which are not only to manage the resources but also to keep them motivated and engaged so that they are retained. It is really important to secure and retain the valuable employees which plays a key role for any organization because the Knowledge and skills are essential to companies' ability to be economically reasonable. It is very difficult to understand the Human Resources. They are the assets which can either make or break the organization. The long term growth of the organization depends on the retention of the valuable resources. Also it creates goodwill for the organization.
5. **Alberta J. Ellett Jacquelyn I. Ellis, Tonya M. Westbrook, Denise' Dews (2006)** There are studies which have been more dedicated on child welfare interventions, however recently studies have been more on retention, turnover and pre-employment preparation and certain issues at the workplace. This paper shows that it's mandatory to give a keen attention to workforce issues as well. The researcher suggest through this paper that deficits in any of these factors are predictors of child welfare employees decisions to leave employment in public child welfare, a decision is not in the best interest of children and families they serve.

6. **John Hausknecht, Julianne M. Rodda, Michael J. Howard (2008)** The paper studies employee's reasons for staying whether the factors differ based on the job performance or job level. The study has developed a content model of employee retention that is beached in theory and past researches. The study has done an additional research on factors which contribute to retention. The outcome of this paper is they have proposed and tested a model of 12 content related factors thought to be partly responsible for retention. Based on the analysis of employees' open-ended responses, the relative importance of different retention reasons was found to vary across dimensions and based on the job performance and job level of employees.
7. **Chandranshu Sinha & Ruchi Sinha (2012)**, the research paper is based on two heavy engineering manufacturers based in India. The study discovers the Factors of retention management in those organizations. The factors for EEPL* were "competence & relationship oriented", "scholastic & futuristic oriented" and "developmental & reward oriented"; while for MBPL*, the factor were "relationship oriented", "competence & scholastic oriented" and "reward oriented". The study concluded that these factors do have a role in influencing the retention management strategies of the respective organizations and are considered the important for retention of the employees in similar situations. However the blanket retention policies may be disadvantageous if they appeal to employees at all levels of performance and organizations would like to use these strategies to retain their most valuable employees.
8. **Sunil Ramlall (2004)**, the study has examined the significance of retaining the valuable employees and how retention practices can help by identifying, analysing and critiquing employee motivation theories. Also it shows the association between employee motivation and employee retention. The researcher has briefed some most often used retention practices cited in respective literature sources and reason for turnover. However in most cases these practices are developed and implemented without understanding the theory that explains the practice and it shows why it is effective.
9. **Dario Vasquez (2014)** Employee retention is important to improve the organizational performance and also to support a nation's economy. The purpose of the study was to understand the reasons behind the motivating factors which cause employees to remain in the hospitality industry despite of turnover rate in the industry. The study is based on qualitative phenomenological method to acquire the feedback from the participants. The research revealed that creating a good healthy environment is the key which may have management's support, reward and incentive programs would help the retention in hospitality industry.
10. **Muhammad Irshad (2006)**, the paper shows the relevant literature to find out the elements of HR practices that influence retention. The way people are being managed and developed in last decade has been the primary factors in improving the organizational performance. Also it shows that the replacing the valuable employees could be quite expensive and can go up to double the cost of the employee who's leaving. Also the customers or clients who are loyal to employee can go away with the employee leaving. Also the knowledge of production, current projects, competitor and past history of the organization.
11. **Moaz Nagib Gharib, Ahmad Taha Kahwaji, Mohammed Osman Elrasheed (2017)**, the research examines the factors influencing retention among employees in the private Syrian companies during the crises. The study aims to examine the elements influencing retention. The paper shows that the training and professional development have no significant impact on retention, however other factors like rewards, job security and job satisfaction have more impact on the retention. Especially the job satisfaction is more effective rather than any other factors.

12. **Gabriel Dwomoh and Evelyn Owusu Frempong (2017)**, the study examines the Factors essential for employee retention by selecting 8 factors after studying the literature review and their significance in terms of helping banks of Ghana to retain their valuable employees. It depends on how they design and implement the R&R systems to fulfil the expectations of the employees. Also how they are solving the issues of the employees like work life balance, build good image and create a nice environment to work. Also the ability of the banks to ensure that the management is fair to all the employees and encourage the manager to develop the good relations with subordinates.
13. **Lam Chee Liang, Law Siew Foon, Loo Yoo Jia, Ng Wan Yin, Ooi Soo Ling (2015)**, the objective of this exploration is to identify the factors of organizational commitment, job burnout and human resource practices contributing to employee retentions in nursing industry. The research shows that all of these independent variables act an essential role in affecting employee retention, and should be more concerned by hospital and government. Moreover, this research also provided researcher and medical practitioner valuable understanding for future studies.
14. **Raminder Kaur (2014-17)**, the main aim of any organization is to earn profit. But to attain the maximum profit, the organization should concentrate more on employees and the ways to retain them for their long run. The research identifies that lack of growth opportunities and Compensation are the major factors which force employees to change their jobs. Hence the study concludes that to reduce the attrition employers should create some opportunities for the growth of their employees within the organization by adopting new Innovative Technologies and Effective training programs. However the research also shows one more important factor that helps employee retention which is Brand name and the Image of the organization in the market.
15. **Christine Ruth Nyanjom (2013)**, the main objective of the study was to establish the factors influencing employee retention in state corporations in Kenya. A summary of the findings showed that the relative importance of factors influencing employee retention in the state corporations in Kenya ranked employee training and career development first as the most important factor followed by performance appraisal, employee empowerment, employee commitment and lastly employee compensation. Researcher suggests that the management should take actions aimed at ensuring that employees are rewarded accordingly and benefits offered to them be improved.

Research Methodology

The data for study will be collected through primary sources as well as from secondary sources. Primary data will be collected from the Employees working in different Organizations in Finance and Banking Sector by questionnaire. The questionnaire was sent to the respondents through a link which was created through Google Forms and responses were received. Secondary data will be collected from various books, reports and websites.

Hypothesis

H₀: There is no Significance between drivers identified and employee retention.

H₁: There is significance between drivers identified and employee retention.

Results and Discussions

Objective 1: To study the factors influencing employee retention.

Hypothesis 01: There is no significance between drivers identified and Employee retention.

Table 1 : KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.705
Bartlett's Test of Sphericity	Approx. Chi-Square	422.056
	Df	136
	Sig.	.000

Explanation:

The test comprises of the Kaiser – Meyer – Olkin (KMO) test (Kaiser *et al.*, 1974) and Bartlett’s test of Sphericity (Bartlett, 1954) adequacy which was followed to test the case to variable ratio for the analysis being conducted applied and to check the suitability of Components Analysis. A preliminary examination of the correlation matrix depicted that several of the items were correlated (above 0.3) .The result of applying Kaiser-Meyer- Olkin measure of sample adequacy and Barlett’s test of sphericity produced the value of .705 and .000 respectively than the suggested value of 0.6 (Tabachnick & Fidell, 2001), and for Bartlett’s test of Sphericity (Bartlett, 1954), the value should be significant ($p < 0.05$) for factor analysis to be suitable. Our significant value was .000 which was even below .05 and denotes that the sample is adequate.

Hence, it shows that the factors identified through responses collected through survey from employees of organization name were suitable and valid to study the problem.

*****Identification and naming components of Employee Retention**

Table 2: Rotated Component Matrix^a				
	Component			
	1	2	3	4
Q1	.604	.147	.208	.130
Q2	.155	-.043	.589	.053
Q3	.591	-.021	.190	-.271
Q4	.823	.041	.207	-.156
Q5	.037	.807	.060	-.142
Q6	.696	.435	.105	-.187
Q7	.551	.285	.428	-.189
Q8	.798	.156	-.067	-.103
Q9	.406	.705	.245	.022
Q10	-.395	-.123	.287	.724
Q11	-.035	.022	-.101	.895
Q12	.554	.138	.403	-.069
Q13	-.121	.314	.777	.045
Q14	.438	-.311	.477	.489

Q15	.705	.335	.005	.161
Q16	.397	.220	.646	-.010
Q17	.495	.686	.145	.085
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.				
a. Rotation converged in 6 iterations.				

The Rotated Components Matrix table mentioned in Table 2 above was used to understand the results of analysis. Components were rotated to make them simple to interpret. In Rotation Components Matrix different items were explained or predicted by different underlying components, and each component explains more than one item. However, each variable has certain loading value from the different components but the values less than $|.30|$ were excluded from the table. Variables were sorted in such a way that the components were presented in order that each component has the highest loading value on the top loaded strongly followed by the lowest ones.

Component1: Environmental Factors

Q1, Q3, Q4, Q6, Q7, Q8, Q12 and Q15 loaded strongly on Component 1

Component2: Social Factors

Q5, Q9 and Q17 loaded strongly on Component 2.

Component3: Policies and Practices

Q3, Q13 and Q16 loaded strongly on Component 3.

Component4: Economical Factors

Q10, Q11 and Q14 loaded strongly on Component 4.

***Reliability Test

Table 3 Reliability Statistics	
Cronbach's Alpha	N of Items
.795	21

Cronbach alpha is 0.795 so it shows that the reliability of this data is 100% as standard value of Cronbach alpha should be 0.7. So if any researcher wants to do any project in future he/she can relies on this data if they want to conduct researcher based on employee retention.

Table 4: A Snapshot of Hypotheses Testing

Hypotheses	Statement	Outcome (Accepted/Rejected)
Hypothesis 01	The drivers identified will not predict employee retention	Rejected

Conclusion and Recommendation

1. It is important for organization's to understand the kind of work employees are doing and it should be appreciated time to time with rewards and recognition programs.
2. The employees would be loyal to the organization if they get the job satisfaction and the positive work environment.

3. Employees would get the job satisfaction with the kind of work they are doing hence they should be given challenging work.
4. Employees should be motivated to work hard and go ahead so that they will be with the organization for a longer time.
5. Supervisors should treat the subordinates with respect and they should support them through their ups and downs in the organization.
6. The brand image of the organization is very important when it comes to making the employee feel proud about the place they are working hence organizations should keep their image or try to enhance it.
7. All employees should be given an equal opportunity to elevate their profile and designation so that they feel their services are valued and hence they have been given a new role.
8. It's very important for organizations to create the loyalty within the employees which can be done through constant efforts to satisfy the employee needs.
9. The feedback should be taken from all the employees working at all levels hence they get the feel that they are valuable to the organization.
10. The engagement activities and the cultural activities should be done regularly so that employees would remain engaged and they would never think about moving out.
11. The compensation and benefits that the organization provides should be somewhere near to the market standards otherwise employees would try to move out for the monetary growth perspective.
12. The Job Rotation policy should be in place so that employees can move to another department if he or she is having the expertise to perform that role.
13. There should be some uniqueness about the organization so that employees don't get bored with the work that they are doing and they look forward to new things every now and then.
14. They should be shown a career path and promotion plan at the time of joining so that they have a clear idea about the future prospects in the organization,
15. Employees should be motivated to work so that they enjoy the work they are doing and also look forward to going to office every day.
16. The potential employees should be identified through different techniques so that they would be given the best possible role.
17. Positive work environment always helps any organization to grow. Hence it is important for organizations to have certain social events in which employees get to know each other and they get into the comfort zone with the colleagues.

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