

Determination Factors in Employee Retention and Commitments

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ABSTRACT:

Employees are the pillars of an organization. There is significance between employees and an organization is not only to calls for they need to entice the best flairs but also the need to retain them for a periodic term. Now a days, all the organizations are to following latest technologies however the human resources are required to run these types of technologies. Each and every area of an organization there is a difference between development and competition. There are lots of avenues and opportunities available in the hands of the human resources. Securing and holding skilled employees plays a major role in any company, because employees' knowledge and abilities are central to firms' ability to be economically good. Besides, always satisfying the employees this one is also a challenge that the employers are facing today. Keeping into account the significance and sensitivity of the issue of retention to any organization, this paper is mainly focuses on appraising the findings of previous studies conducted by various researchers with the aim to identify determinants factors of employee retention. Study tries to review the various available literature and research work on employee retention and the factors affecting employee retention and job satisfaction among the employees.

Keywords: Employee, Human resources, Organization, retaining, Challenges.

1. INTRODUCTION

Employee retention is a technique adopted by businesses to maintain an effective workforce and at the same time meet operational requirements. People related issues for example-compensation and benefits, hiring, administration, organization development, employee motivation, wellness, benefits, safety, communication, performance management, and training are dealt by it. HR practices in an organization are used for talent acquisition i.e. recruitment, selection, training and development, reward management, performance appraisal etc. Human Resource Management handles people, work place environment and culture in a strategic manner.

Employee commitment is also very important for maintaining a highly talented workforce. With best possible use and application of HR policies in the organization, employee commitment can be enhanced leading to better performance, improving employee attitude/ morale and reduced employees turnover, which is the aim of the human resource practices.HR experts and line managers play a major role on how these HR policies are implemented and to the utmost efficiency. Employee commitment can have a major role in low turnover rates as it has positive developments on productivity, turnover and employees eagerness to help colleagues. In fact, increased employee commitment has shown better team performance, low absenteeism and intention to leave. Therefore employee commitment in a way helps employee retention and hence employee retention strategies must be kept in place. Well planned

initiatives and processes must be in place so that employees will not think of quitting and remain with the company for a long time.

For managers, to have a happy enthusiastic workforce will help him in achieving individual and organizations performance. But manager's job is not only to hire best candidates but also retain them. Most certainly one cannot retain all the best employees but can definitely reduce loss. Reducing employee turnover is most important for organizations and to maintain an ideal staff takes a lot of efforts and resources of the organization and if that is lost it hampers organizations success. Therefore, every organization must treat their employees as ends and not means to ends because they add value to the organization.

2. LITERATURE SURVEY

Messmer (2000) found that one of the important factors in employee retention is an investment in employee training and career development. The Organization is always invested in the form of training and development of those workers from whom they expect to return and give output on its investment.

Tomlinson (2002) forwarded the view that organizations can keep the leading edge in this competitive world by having their employees well trained in the latest technologies.

Garg & Rastogi (2006), explained that in today's competitive environment feedback is very essential for organizations from employees and the more knowledge the employee learn, the more he or she will perform and meet the global challenges of the market place.

Handy (2008) has mentioned that proper innovation, and assimilation of new knowledge is essential for survival in any work environment. This knowledge is the most expensive asset of any firm. Leadership and Employee Retention.

Chung-Hsiung Fang, Sue-Ting Chang, Guan-Li Chen (2009) has found that leadership style can affect organizational commitment and work satisfaction positively and work satisfaction can affect organizational commitment and work performance positively.

According to Cania (2014), both organizational sectors have basic differences in their core organizational practices that influence their organizational performance. Manufacturing sector organizations have more focus on staffing and compensation practices, whereas service sector organizations emphasize more on customer satisfaction, thus focusing on HRM practices like participation and training.

Study conducted by Marescaux, De Winne, and Sels (2013) indicates that practices like delegative participation, consultative participation, worker director, and worker union can result in enhancing employee retention. To retain talented employees, employers and supervisors have to provide employees opportunities such as challenging task and a certain level of autonomy and freedom in their jobs (Ready et al., 2008).

According to organizational equilibrium theory (March & Simon, 1958), an individual tends to stay with an employer as long as the inducement offers (compensation, working environment, growth opportunities) are similar or greater than the contributions (such as time, energy, and effort) that an employee offers. Individual's desire and ease also matter in this context.

3. OBJECTIVES OF THE STUDY

- To consider the sympathetic bond between employees and organization.
- To observe the level of impulse in the organization.
- To regulate the stressing levels of employees in an organization.
- To recognize the several factors swaying the employers for retaining them.
- To propose and recommend some trials to improve employee retention strategies.

4. DATA COLLECTION AND SAMPLE

Two tools were espoused for data collection: first, data were collected through a self-supervision survey from different organizations in Rajasthan, Delhi, Uttar Pradesh, and Karnataka (response rate = 94%). Second, data were collected through emails (with two reminders after every 3 days gap) from Kerala and Bihar (response rate = 68%). The total response rate from manufacturing sector was 84.78%,

Table 1. Respondent's Demographics.

S. No	Demographics	Responses	Frequency	Respondents	%
1.	Gender				
	Male	725	68.8	1,054	100
	Female	329	31.2		
2.	Age				
	20-30	400	37.9	1,054	100
	31-40	490	46.5		
	41-50	146	13.9		
	51 and above	11	1.7		
3.	Qualification				
	Ph.D	149	14.1	1,054	100
	M.Phil	204	19.4		
	Masters	618	58.6		
	Bachelor	83	7.8		

4.	Organization type				
	Food and beverage	218	20.7	1,054	100
	Cement	154	14.6		
	Pharmaceutical	147	13.9		
	Higher education	227	21.5		
	Health care	169	16		
	Bank	139	13.2		
5.	Sector				
	Manufacturing	519	49.2	1,054	100
	Service	535	50.8		

While from service sector, it was 84.60%. In each sector organization, 650 questionnaires were distributed (Food and beverage = 250, Cement = 200, Pharmaceutical = 200, Higher education institutions = 250, Banks = 250, and Health care = 250).

These types of organizations were selected because according to the data of SECP 2020, they altogether make around 35% contribution in their sectors. Based upon this, study results can be generalized. The two samples were collected as convenient samples where the individual workers were personally approached in their workplaces. After a brief introduction to this study, the voluntary participants were handed the surveys that were to be collected at the end of the day. Although the survey requires only 10 min for completing, some surveys were collected in the next 2 days to give them enough time to attempt the survey attentively. As shown in Table 1, 68.8% of the respondents were male. From universities, most of the faculty members were either PhDs or were registered in PhD programs. In banks, almost all employees were Master degree holders while very few employees were with MPhil or MS degrees, whereas in health care, mostly respondents were MBBS or Master Degree holders. On the contrary, most employees in manufacturing sector organizations were Master and Bachelor degree holders.

4.1 INTERACTION BETWEEN COMPENSATION AND DELEGATIVE PARTICIPATION

The interaction between compensation and delegative participation also had a significant effect on retention predicting that level of compensation influences the relationship between delegative participation and employee retention.

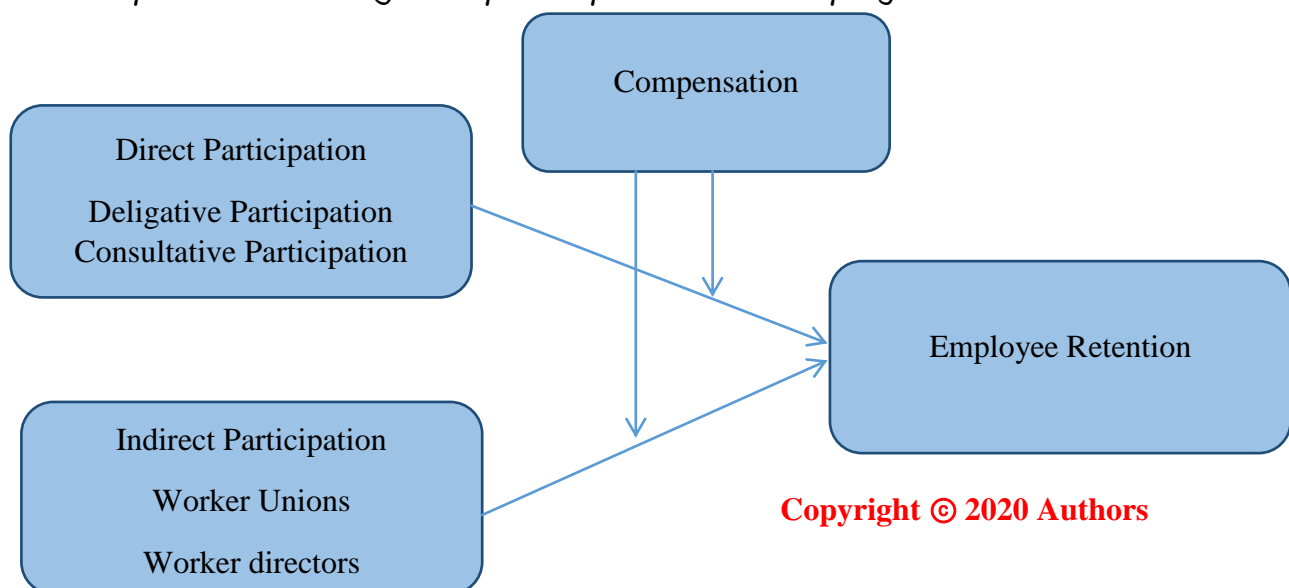


Figure 1. Theoretical Model

Delegative participation interacted with higher compensation to enhance employee retention is shown in interactional plots (Figure 2 and 3).

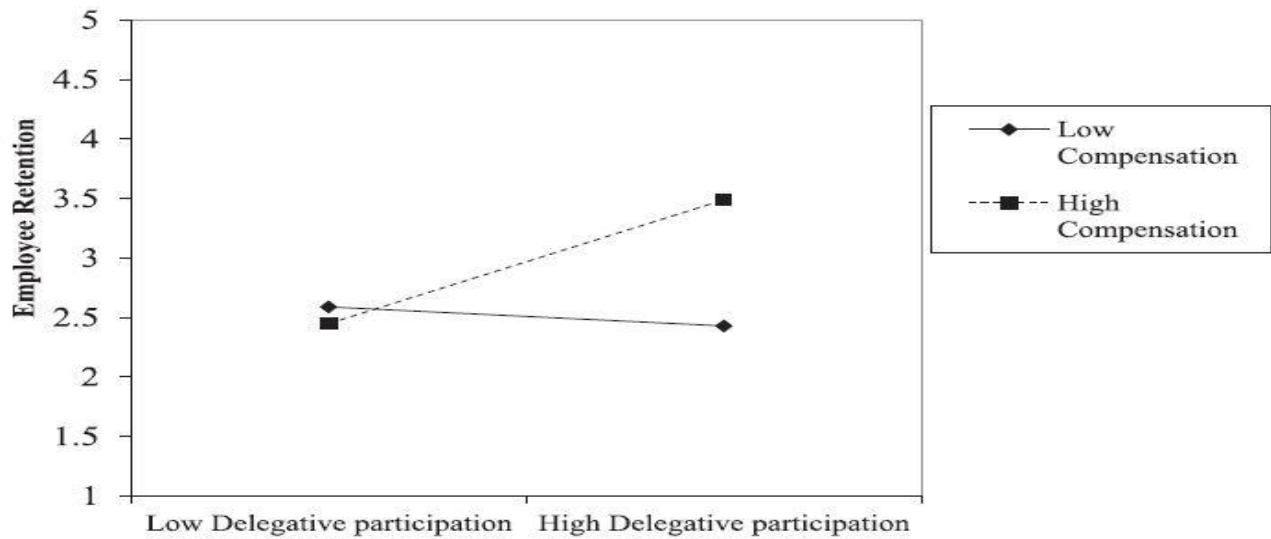


Figure 2. Delegative Participation × Compensation (Manufacturing sector).

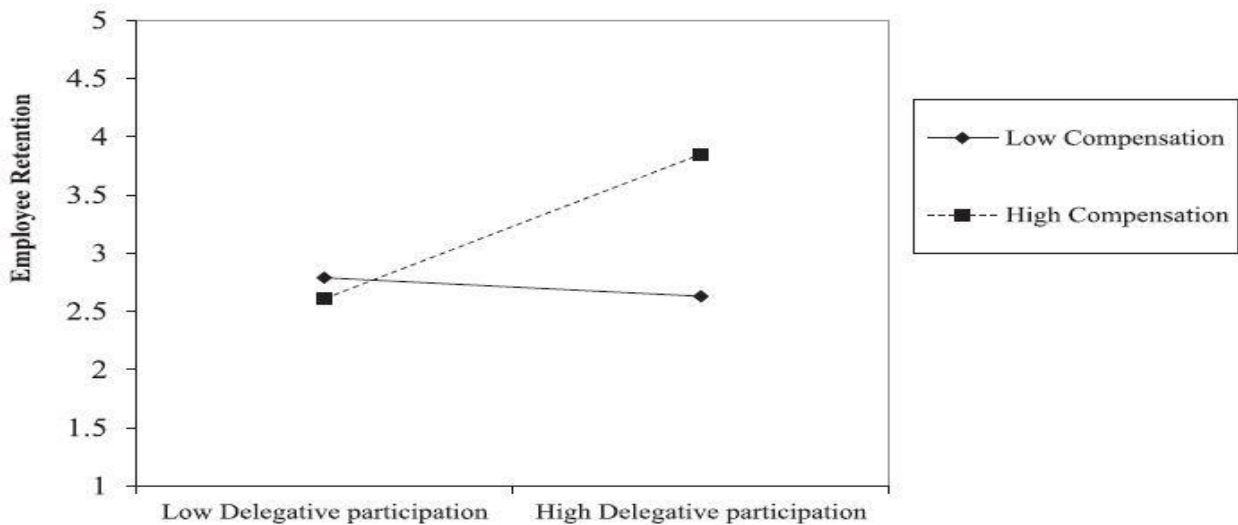


Figure 3. Delegative Participation × Compensation (Service sector).

Interactive Figures 2 and 3 show with higher level of compensation, the influence of delegative participation on employee retention becomes stronger in both sectors. Interactive influence of compensation and delegative participation on employee retention is stronger within service sector than manufacturing sector.

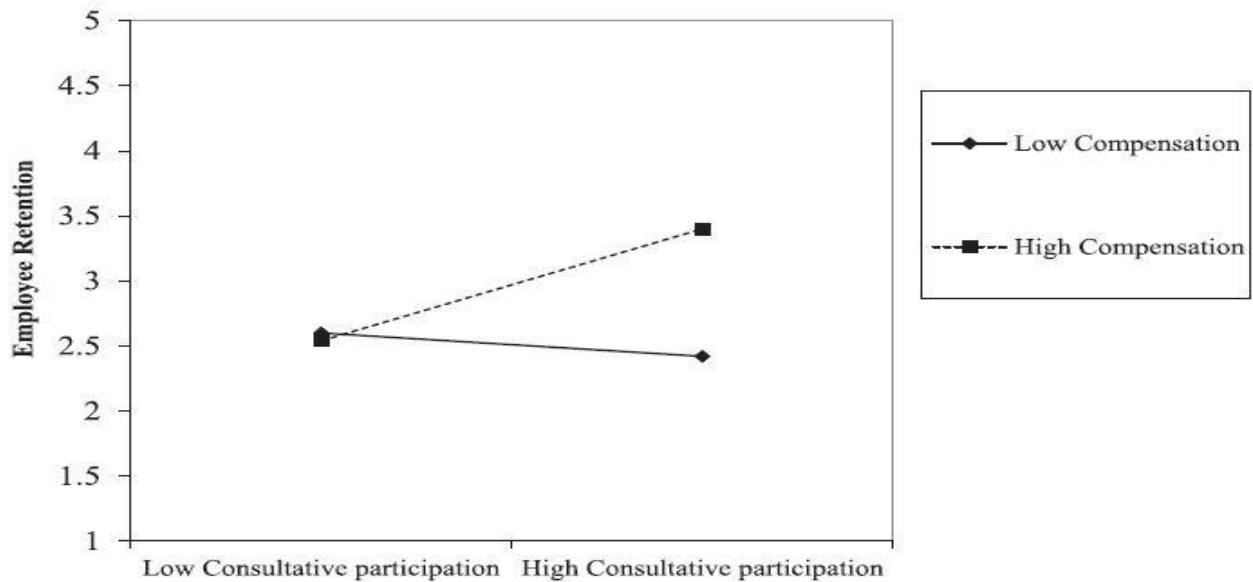


Figure 4. Consultative Participation × Compensation (Manufacturing sector).

Consultative participation had a positive influence on employee retention. The interaction between compensation and consultative participation also had a significant effect on retention, predicting that level of compensation influences the relationship between consultative participation and employee retention. Consultative participation interacted with higher compensation to enhance employee retention is shown in interactional plots (Figures 4 and 5).

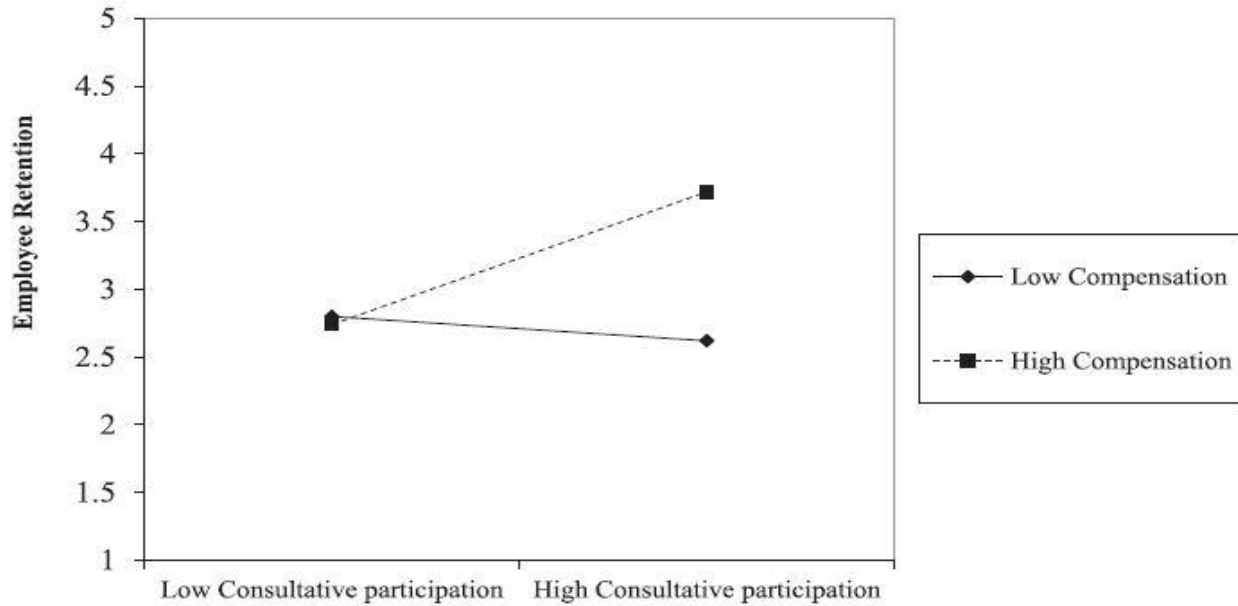


Figure 5. Consultative Participation × Compensation (Service sector).

Based on the study the following suggestions are made the employees are not satisfied with recognition and performance appraisal provided by the organization. So, they should give some importance towards it. The organization must give proper remuneration to the employees in order to retain them for a long period of time. The employees are feeling over burden towards the workload. Thus, the organization should focus on their smooth workload to reduce the stress on the employees. The relationship between employees and management has to improve.

5. CONCLUSION

In the growing desires for organizations to retaining its best employees in the face of competition, the findings of the study suggest that certain variables are crucial in influencing the employees' decision to either leave or remain in an organization. Such variables include training and Development, recognition/reward for good performance, a competitive salary package and job security. we saw various trends over the years and practices used across industries for improving employee retention and commitment. For any organizations to survive in today's ever increasing competition where employee poaching is on the rise, it is very important to retain their best employees and keep them committed towards the organization.

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