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Employee Retention's Effects on Organisational Success.

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Abstract

Employee retention is a critical challenge for organizations across various industries, particularly in the current competitive job market. The literature review explores the various factors that contribute to employee retention, for example employment satisfaction, organizational culture, compensation, employee engagement. Review also examines the different retention strategies that organizations can adopt, such as career development opportunities, flexible work arrangements, and recognition and rewards programs. The findings suggest that organizations need to implement a comprehensive and multi-faceted approach to employee retention, taking into account both the individual and organizational elements that influence employee engagement and commitment.

Keywords: Employee retention, organizational success, promotion, work culture, gender.

Introduction:

According to Armstrong in his book titled as Employee Reward Management and Implementation; employee retention is described as "the extent to which an organisation retains the services of its employees and why". Retaining employees involves more than just keeping them in their current positions but it is also about retaining their stability and involvement with the company. Good management techniques, such as offering possibilities for professional growth, recognising and rewarding excellence, and keeping a healthy work atmosphere, can help to accomplish this.

The process of keeping employees is of motivating employees to stick with the business for whenever possible (Halim, Z., Maria, Waqas, et al. 2020). It involves motivating employees to remain with the business to the the project is completed, whichever comes first is completed. Both the employer and the employee profit from employee retention. Employers work hard to create a culture that encourages current employees to stick with the company by establishing rules and procedures that meet their diverse needs. Effective staff retention is what this is. However, a lot of people equate employee retention with corporate initiatives to keep workers on board. The attempts to retain personnel should focus on their useful contributions, with a differentiation made between poor performers and top performers (Ankitha Chaturvedi and Kanchan Sangwan, 2016).

As reported by Chaminade (2007), "Retention is a voluntary move by an organization to create an environment which engages employees for a long term". Samuel and Chipunza (2009) claim that “The most important purpose of retention is to look for ways to prevent the capable workers from quitting the organization as this could have negative effect on productivity and profitability”. Frank et al. (2004) defined retention as the

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"effort by an employer to keep desirable workers in order to meet business objectives".

Retaining valuable individuals with strong potential, ability, and knowledge is crucial for the organisation. Every firm needs committed personnel with excellent skills who can actually generate something exceptional and one-of-a-kind. An organisation cannot exist if all of its top performers quit. For the business to succeed, it is essential to keep the hard-working employees who are essential to the system. Let's examine why it is crucial for a company to keep a valuable employee (Atul Mathur and Dr. P. K. Agarwal, 2013).

Literature Review:

Career development opportunities have been identified as a key factor in employee retention. Research suggests that if workers believe they have room for growth and advancement, they are more inclined to stay with a company. Employees who feel that their career goals are more likely to be engaged with and dedicated to the organisation if their values and mission are in line with those of the organisation.

To retain employees through career development opportunities, organizations can offer training programs, mentoring, coaching, and job rotation (Barret, A., & O' Connell, P.J.2001). These opportunities not only provide employees with new skills and knowledge but also create a sense of ownership and investment in their roles. Furthermore, providing clear career paths and development plans for employees can help to demonstrate a commitment to their professional growth and increase their loyalty to the organization. Several studies have shown that organizations that invest in employee development programs and provide opportunities for career advancement have lower turnover rates and higher employee engagement and satisfaction levels. Overall, career development opportunities have been identified as a critical aspect of employee retention, as they demonstrate an organization's commitment to its employees' growth and development, leading to increased loyalty and commitment (Benis, W. & Naus, B. 1985).

Supervisor support is a crucial factor in employee retention, as it directly affects employees' job satisfaction and engagement. Studies have shown that employees who perceive high levels of support from their supervisors are more likely to stay with the organization than those who do not. Supervisor support can take many forms, including providing feedback and recognition, facilitating career development opportunities, and promoting work-life balance (Stan Kossen ,1994).

Employee retention has been linked closely to a positive workplace culture. Studies have shown that employees are more likely to stay with an organization that promotes a culture of respect, trust, and open communication. A supportive work culture can contribute to job satisfaction and increase employee engagement, leading to lower turnover rates. Organizations can promote a positive work culture through various initiatives, such as employee recognition programs, regular feedback and communication, and team-building activities. Additionally, flexible work arrangements, such as telecommuting and flexible schedules, can contribute to a positive work culture by promoting work-life balance and reducing job stress.

Promotion and Employee Retention: A Review of Literature (Kumar & Bhatia, 2019) This literature review highlights the role of promotion in retaining employees. The authors found that promotion can increase job satisfaction, motivation, and loyalty, which in turn can lead to employee retention (Yi-Chun Lin & Chyan Yang ,2002). However, they also noted that promotion should be based on merit rather than favouritism to ensure fairness and retain the best employees. 21 Promotions and Employee Retention: A Case Study of the Banking Sector in India (Sharma & Rishi, 2020). A study by Fekete and Plaskovics-Kiss (2020) examined the relationship between capacity development and employee retention in Hungarian small and medium-sized enterprises. The study found that the implementation of capacity development programs positively impacted employee retention. Specifically, employees who participated in training and development programs were more likely to stay with the organization.

Staff empowerment and staff retention have been linked favourably in a number of studies. For instance, was found to have a significant impact on staff retention in the Indian banking business by Saha and Srivastava's 2017 study. Another study by Alam et al. (2016) explored the impact of employee empowerment on turnover intention in the Malaysian the hospitality sector. The study learned that employee empowerment was positively related to job satisfaction, which in turn was negatively related to turnover intention. Similarly, a study by Joo and Lim (2019) analysed the connection between the employee empowerment and turnover intention in the Korean hotel sector. According to the analysis of the study, empowered employees were less likely to quit their employment, which indicated that employee empowerment had a significant negative impact on turnover intention.

The author highlights the various determinants of employee retention, such as compensation, job satisfaction, organizational commitment, and work-life balance (Ahmed ,K.Z. , & Bakar, R.A. 2003). The paper also emphasizes the need for organizations to adopt a proactive approach towards employee retention.

Tanya Bondarouk and Huub Ruël examines the relationship between employee retention practices and turnover rates. Authors find that organizations that adopt employee retention practices, such as training and development, performance management, and rewards and recognition, are more likely to retain their employees.

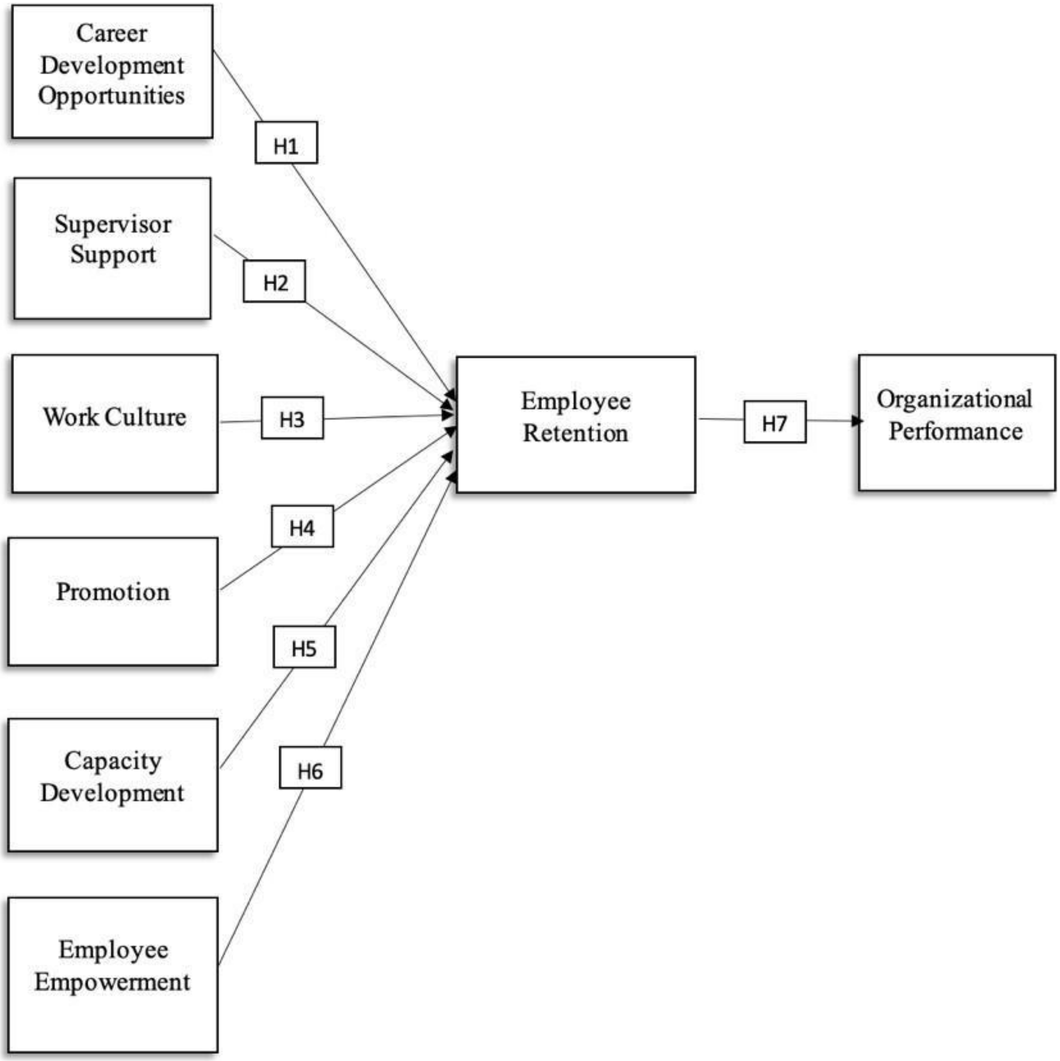
Sadeq Jafari and Seyed Mohammad Sadeq Khaksar examines the role of organizational culture in employee retention. The authors propose a strong organizational culture that values employees, fosters collaboration, and encourages innovation can significantly improve retention rates.

Kanwal Iqbal and Qazi Awais Amin presents a comprehensive review of the relevant literature employee retention and highlights the future research directions in this area. The authors 24 suggest that future research must concentrate on the part of leadership, employee motivation, and organizational justice in employee retention.

There are various approaches to organizational performance development, including Total Quality Management (TQM), Six Sigma, Lean Management, and others. These approaches aim to improve organizational performance by enhancing efficiency, quality, customer satisfaction, and employee engagement.

The relationship between organizational performance development and employee retention can be influenced by several factors, including leadership style, organizational culture, employee engagement, and job satisfaction. For instance, a study found that transformational leadership style positively impacted the relationship between TQM practices and employee retention.

Research Model:



Hypothesis

H_{01}: Career development opportunities impact on employee retention

H_{02}: Supervisor support impact on employee retention

H_{03}: Work culture impact on employee retention

H_{04}: Promotion impact on employee retention

H_{05}: Capacity development impact on employee retention

H_{06}: Employee empowerment impact on employee retention

H_{07}: Employee retention impact on Organization Performance

Research Design

The data collection method for this study is a descriptive research design with a questionnaire. Through surveys, the respondents were questioned, their responses were obtained, and the data was examined.

Target population for the research were the People who are working in at various organization irrespective of their organizational hierarchy and qualification. For the research purpose following were characteristics of the ideal population; Persons - Must be working in any organization, Gender - Male & Female, Education - At least Literate. For the selection of samples, a non-probability convenient sampling method was used in the study

Data of the study have been collected from primary data. Primary data from the cities of Mehsana, Ahmedabad, Hyderabad, Bangalore and Pune and from 324 respondents.

Data Analysis

1.1 ANOVA

Table 1: Anova table

ANOVA					
ERAVG					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	15.208	3	5.069	7.877	.000
Within Groups	205.294	319	.644		
Total	220.502	322			
Gender:					
Between Groups	27.711	2	13.856	22.998	.000
Within Groups	192.790	320	.602		
Total	220.502	322			
Marital Status					
Between Groups	28.768	2			
Within Groups	191.733	320	14.384	24.007	.000
Total	220.502	322	.599		
Academic Qualification:					
Between Groups	15.559	3	5.186	8.072	.000
Within Groups	204.943	319	.642		
Total	220.502	322			

Length of service:					
Between Groups	29.142	5	5.828	9.655	.000
Within Groups	191.359	317	.604		
Total	220.502	322			
Job Titles:					
Between Groups	4.059	2	2.030	3.001	.051
Within Groups	216.442	320	.676		
Total	220.502	322			

The significant value in the ANOVA table is less than 0.05. This indicates that age has an effect on employee retention. less than 0.05 is the threshold for significance. This indicates that gender has an effect on employee retention because the significance level is below 0.05. Therefore, marital status has an effect on employee retention. less than 0.05 is the threshold for significance. This indicates that academic credentials have an effect on employee retention. less than 0.05 is the threshold for significance. This indicates that the length of services has an effect on employee retention. less than 0.05 is the threshold for significance. This indicates that the job title has no different effects on employee retention

Table:2 Linear Regression

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.815[a]	.665	.658	.48375

a. Predictors: (Constant), RAVG, CDOAVG, PAVG, WCAVG, SSAVG, CDAVG

Table 3: Anova

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	146.553	6	24.426	104.377	.000[b]
	Residual	73.948	316	.234		
	Total	220.502	322			

a. Dependent Variable: ERAVG
b. Predictors: (Constant), RAVG, CDOAVG, PAVG, WCAVG, SSAVG, CDAVG

Table 4: Co-efficients.

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.337	.157		2.143	.033
	CDAVG	.101	.054	.105	1.868	.003
	PAVG	.240	.039	.306	6.126	.000
	CDOAVG	.298	.055	.276	5.409	.000
	SSAVG	.107	.055	.101	1.924	.005
	WCAVG	.355	.046	.375	7.791	.000
	RAVG	-.222	.040	-.261	-5.573	.000

a. Dependent Variable: ERAVG

This output represents the results of a linear regression analysis. The goal of the analysis is to predict a dependent variable (ERAVG) based on a set of independent variables (RAVG, CDOAVG, PAVG, WCAVG, SSAVG, CDAVG).

The "Model Summary" table contains details about the model's goodness of fit. The dependent variable's variability explained by independent variables by roughly 66.5%, according to the R Square value of.665. The Adjusted R Square value of.658 penalizes the inclusion of irrelevant variables by accounting for the amount of independent variables in the model. The ANOVA table tests the overall significance of the model. The F value of 104.377 and the corresponding p-value of .000 indicate that the model as a whole is significant.

Table 5: Multiple Linear Regression

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.712[a]	.507	.505	.68032

a. Predictors: (Constant), ERAVG

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	152.499	1	152.499	329.489	.000[b]
	Residual	148.570	321	.463		
	Total	301.070	322			

a. Dependent Variable: OPAVG

b. Predictors: (Constant), ERAVG

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.562	.177		3.176	.002
	ERAVG	.832	.046	.712	18.152	.000

a. Dependent Variable: OPAVG

Regression analysis has a multiple R value of 0.712, which denotes a moderately positive correlation between the predictor variable (ERAVG) and the dependent variable (OPAVG), according to the Model Summary. According to the R Square value of 0.507, the predictor variable can account for 50.7% of the variance in the dependent variable. Similar to the R Square value, the Adjusted R Square value of 0.505 indicates that the model's fit was not significantly improved by the inclusion of the predictor variable.

The Standard Error of the Estimate is 0.68032, demonstrating that the average difference between the dependent variable's anticipated values and its actual values is 0.68032 units.

The ANOVA table shows the F value 329.489 suggests that the regression model is significant of and a significant p-value of 0.000. This suggests that the predictor variable is a significant factor in explaining the variance in the dependent variable.

As seen in the coefficient table the intercept term has a value of 0.562 and the slope coefficient for the predictor variable (ERAVG) is 0.832. The standardized beta coefficient for ERAVG is 0.712, indicating that a one-unit increase in ERAVG is associated with a 0.712 unit increase in OPAVG. The t-value for ERAVG is 18.152, which is highly significant ($p < 0.001$). Overall, the results suggest that ERAVG is a significant predictor of OPAVG in this model.

Findings of the study

This linear regression analysis uses a number of independent variables to attempt to predict the dependent variable, ERAVG. The dependent variable's variability is thought to be explained by the independent variables by roughly 66.5%, according to the R Square value of.665. The model's overall significance is shown by the ANOVA table's F value of 104.377 and associated p-value =.000. The calculated coefficients for each independent variable, holding all other variables fixed, reflect the predicted change in the dependent variable for a one-unit increase in the corresponding independent variable. The negative coefficient for RAVG indicates that a one-unit increase in RAVG is associated with a decrease in ERAVG, holding all other variables constant.

The regression analysis shows that there is a moderate positive correlation between ERAVG and OPAVG, with ERAVG explaining 50.7% of the variance in OPAVG. The addition of ERAVG to the model significantly improved its fit. The results suggest that ERAVG is a significant predictor of OPAVG, with a one-unit increase in ERAVG associated with a 0.712 unit increase in OPAVG. The findings suggest that organizations should focus on improving employee average performance to increase organizational performance.

Implications

Research shows that Career development opportunities have significant impact on employee retention and so companies should keep training and development programmes on consistent basis in order to increase employees retention. Supervisor support also plays an important role in retention of employees thus the supervisor should always be supportive towards their juniors. Positive work Environment plays an important role in retention of employees.The performance appraisal should be there and employees should be promoted to a higher position as per their performance. Employee should be given empowerment to fulfil their tasks for Employee retention. The employee retention plays an very important role in the organisational performance. It reduced the cost and improves the productivity in the organisation.

Conclusion

Employee retention is a critical aspect of organizational success. When employees stay with a company for a longer period, they tend to develop deep-rooted knowledge about the company, its products/services, and culture, which can be leveraged for the benefit of the organization. Additionally, retaining employees saves the company from the cost of recruiting, training, and onboarding new employees.

Furthermore, loyal employees are more likely to be highly engaged and motivated, leading to higher productivity, quality of work, and overall job satisfaction. This, in turn, can create a positive working environment and help the organization maintain a competitive edge in the marketplace. Moreover, high employee retention rates can help organizations build a positive brand reputation, attract top talent, and foster a positive work culture that enhances employee morale and engagement.

In conclusion, employee retention is a crucial factor that affects an organization's performance and success. It can lead to higher productivity, quality of work, job satisfaction, and cost savings. Therefore, it is essential for organizations to invest in strategies that foster employee retention and create a positive work culture.

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