

EMPLOYEE RETENTION STRATEGIES: SPECIAL REFERENCE TO PRIVATE SECTOR EMPLOYEES IN AKKARAIPATTU

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Abstract

Retention of employees is a vital factor to ensure the prosperity of any organization. The costs associated with recruiting and growing new employees is very expensive compared with retaining the existing employees. So, it is crucial for the organizations to pay much attention towards its employee retention. The study focuses on the employee retention strategies used for private sector employees in Akkaraipattu. Data were collected using self-administered questionnaires to a sample of 96 private sector employees in Akkaraipattu. Their responses on six retention strategies were rated and analyzed. Descriptive statistics, frequency analysis, correlation and regression analysis are applied to determine impact of selected variables on employee retention. The main results concluded that Compensation is the most important determinant that has influenced the employee retention. Other factors impact on employee retention include Career development opportunities, Work flexibility, Effective communication, Leadership and Employee voice respectively.

Key words: Employee retention, Private sector, Compensation, Career development opportunities, Work flexibility, Effective communication, Leadership and Employee voice

1. Introduction

Employees are the valuable assets of any organization. Organization is defined to be a collection of employees working together to achieve a set of common goals. So, if there is no employees there is no organization. Although it is a technological dominated era still machines have failed to replace humans completely. There is a growing demand for hiring most qualified and competent employees into the organizations that adds value and competitive advantage for the entities. As the costs related with hiring the employees are time and cost consuming and most challenging task it is vital for the organizations to retain their employees for a long time to grasp the whole support and contribution of them so that it can survive in the industry. Retention of employees is a most significant concept being paid more concentration. So, it is vital to pay attention to the factors that has significant impact on the retention of employees with the organization. Here the research focuses on Employee voice, Compensation, Career development opportunities, Work flexibility, Leadership and Effective communication as the factors determining the retention of employees in the organization.

2. Literature review

The quality human resource management practices in an organization ensures the retention of valuable employees. Retaining the current valuable employees is vital than hiring new. The HR managers often face difficulties in maintaining the competent employees in their organization because skilled employees always marketable in the industry (Day & Harrison, 2007). Gering and Conner (2002) concluded that retention of good workers is more

significant to any organization. If any organization fail to retain its employees, it will not be able to capitalize on human assets developed within the organization. Yiu Lichia and Saner Raymond (2014) concluded that payment of higher compensation packages highly retains employees and competence development and career planning. Welfare benefits, personal satisfaction and organization culture are the factors drive retention of employees (Mathur, Chhitorgarh and Agarwal, 2013).

The research conducted by Balakrishnan, Masthan and Chandra (2013) concluded that the employee retention is possible through the provision of non-financial drivers of employee engagement like communication, recognition, manager/supervisor support (relationship), work engagement, team-work and role clarity. The drivers of turnover intentions were related with Training and development, communication and information sharing, health, safety and welfare, incentives and compensation and job security within the mining industry (Appiah, Eric and David, 2013).

The study was undertaken to understand the major issues associated with the retention of the pharmaceutical employees found that influence of HR policies, compensation and benefits, work pressure and relationship with the superiors on employee retention (Deepti Sinha and Somesh Kumar Shukla, 2013). Further Uma Narang (2013), identified that career development opportunities, supervisor support, working environment, rewards and work-life policies significantly impact on employee retention in banks.

Employees get rewards in return for the effort they put on to pursue the goals of the organization. Employees have different perceptions about their working organizations, some of the employees are satisfied and some are dissatisfied with what they are being offered in their working environment. Those who are dissatisfied will raise voice against dissatisfaction. Voice of the employees is referred as to speak about a problem they face in the working environment. The employees either tend to raise their voice or they leave the organization. If they speak out the situation then it can be solved but if they leave the organization, it further creates a loss of valued manpower of them. Organizations can avoid this through providing adequate and on time response that satisfies employees (Sidiki and Masood, 2008).

Compensation is the amount of financial and non-financial benefit a person receives for the contribution given to an organization (Erasmus, Sutton and Gong, 2001). Compensation plays an important role in retaining employees, as dissatisfied employees tend to leave the organization (Willis, 2000). Many researches have concluded that compensation helps in retention and reduce turnover along with absenteeism (Choi & Dickson, 2009; Sturman, 2006; Hinkin & Tracey, 2010). The study of Irshad (2000) carried out a research to investigate the impact of compensation on employees' retention. The results showed a significant relationship between compensation and retention of employees. Further several other researches concluded a significant relationship between compensation on employees' retention (Ramlall, 2013; Nawab and Bhatti, 2011; Saeed, Nayyab, Lodhi, Baqir, Rehman, & Mussawar, 2013).

Career development includes the growing career prospects an employee holds in an organization. Due to the increase in cost of living, in order to perform different variety of tasks, self-actualization, self-esteem, recognition, satisfaction the employees always prefer career development. If the hierarchical structure of a firm paves the career development opportunities, then there is no necessity for employees to leave the organization (Broadbridge, 2007; Day & Harisson, 2007; Baruch & Peiperl, 2000).

Work flexibility is provision of opportunity for the employees to make their own choices when, where and how to perform the assigned works. Flexibility is always centered around independence, work-life balance, friendly culture, and casual environment of employees. Flexibility is possible through provision of part-time employment,

telecommuting, freelancing, flexible work hours etc. When employees are satisfied in such work flexibility, they tend less to leave their organizations (Suhail Al-Masri, 2018).

Leadership is the process of influencing the people to get the work done. Getting the leadership in an organization with empowerment to influence a group of people is a mode of motivation that further enhances the organizational loyal, morale and organizational citizenship behavior which leads to less turnover. Those who prefer to expose their whole competencies are given opportunity to become a leader, always retained with the organization (Sharma and Jain, 2013).

The level of sharing information between individuals & groups always increase the overall performance of the organization. But anyhow, dynamic communication varies as per the complex rules, values, climate and corporate goals. Organizations should create a climate to pursue the employees that they can come out with whatever clarification, ideas and innovations, otherwise it is difficult to retain employees in an organization (Kang & Hyun, 2012).

Employee turnover is a serious problem faced by the organizations today. Due to vast availability of information, employment opportunities, less barriers to entry and exit to jobs, the dissatisfied employees simply move from one job to another. Although it is very challenging to retain the employees, it is must as replacing those positions are more expensive and time consuming that can adversely affect the goal achievement and overall performance of it. Employees generally have a behavior to move out of the organization when they find a better place. The organizations must devote time to learn the needs of the potential employees and take necessary actions to retain them. Some employees working in a private organization with an attractive remuneration in a good position simply leaves it when they a offered a job by government for a low salary. In such situations most of the organizations fails to understand the levels of the needs of their active employees. As employees are the backbone of the organization, their retention will always be an asset. This study attempts to analyze the strategies that can retain employees within an organization. This study can be helpful for the management to identify how efficient is their retention strategies.

3. Methodology

The study was conducted among several private sector employees in Akkaraipattu covering the areas of Akkaraipattu and Alayadivembu Divisional Secretariats. A quantitative research method using Descriptive statistic, Correlation and Regression Analysis were used. The target population of the research is the private sector employees in Akkaraipattu. Convenient sampling technique is used to collect the data. Questionnaires were used to collect the data from the respondents. The first part of the questionnaire comprises demographic details of the respondents and the second part includes the statements related to the selected variables. Validity and reliability of the questionnaires were checked, and Primary data were collected through the distribution of structured questionnaires to the respondents using five-point Likert scale. 120 questionnaires were scattered and finally 96 questionnaires were collected back and used for the analysis.

4. Results and findings

The summary of demographical characteristics for private sector employees in Akkaraipattu is depicted in Table 1. Majority of the respondents are males around 70.8%. most of the respondents are adults. Degree holders are highly employed in private sector. Most of the employees are working around 4 to 6 years. 37.5% of employees are receiving 40 000 to 60 000 salary.

Table 1 - Respondents' Demographic Details

Demographic variables	Frequency	Percentage
Gender		
Male	68	70.8%
Female	28	29.2%
Age		
Less than 20 years	8	8.3%
21 – 30 years	17	17.7%
31 – 40 years	43	44.8%
41 – 50 years	20	20.8%
More than 50 years	8	8.3%
Education		
School	5	5.2%
Certificate	8	8.3%
Diploma	9	9.4%
Degree	68	70.8%
Postgraduate	4	4.2%
Doctorate	2	2.1%
Occupation		
Senior level	18	18.8%
Middle level	48	50%
Operational level	30	31.2%
Working Experience		
Less than one year	14	14.6%
1 – 3 years	15	15.6%
4 – 6 years	41	42.7%
6 – 10 years	14	14.6%
More than 10 years	12	12.5%
Income		
Less than 20 000	9	9.4%
20 000 – 40 000	29	30.2%
40 000 – 60 000	36	37.5%
More than 60 000	22	22.9%

The empirical findings of the SPSS analysis are discussed. According to the table 2 correlation of Employee voice is 0.203 where the p value is 0.047, the correlation of Compensation is 0.639 where the p value is 0.000, correlation of Career development opportunity is 0.509 where the p value is 0.000, correlation of Work flexibility is 0.416 where the p value is 0.000, correlation of Leadership is 0.273 where the p value is 0.007 and the correlation of Effective communication is 0.371 where the p value is 0.000.

Table 2 – Correlation

Variables	Pearson correlation	P-value
Employee voice	0.203	0.047

Compensation		0.639	0.000
Career development opportunities	0.509		0.000
Work flexibility	0.416		0.000
Leadership		0.273	0.007
Effective communication	0.371		0.000

Table 3 indicates how much variability can occur on the Retention of private sector employees in Akkaraipattu by Employee voice, Compensation, Career development, Work flexibility, Leadership and Effective communication. It showed 65.9% of variability in the dependent variable (Retention of employees) is accounted by all the independent variables.

Table 3 – Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.812	0.659	0.636	0.106

According to the table 4 p-value is lower than 0.05, therefore this multiple regression model is significant.

Table 4 – Anova

Model	Sum of squares	Degree of freedom	Mean square	F	Sig.
Regression	1.920	6	0.320	28.651	0.000
Residual	0.994	89	0.011		
Total	2.913	95			

Table 5 illustrates the beta coefficients, one to go with each predictor. Based on the table, the equation for the regression line is constructed.

Table 5 - Coefficients

Predictor	B Coefficients	Standard Error	T-value	P-value
Constant	-0.495	0.381	-1.298	0.198
Employee voice	0.042	0.042	0.983	0.328
Compensation	0.320	0.043	7.455	0.000
Career development opportunities	0.241	0.073	3.300	0.001
Job flexibility	0.230	0.062	3.737	0.000
Leadership	0.155	0.053	2.943	0.004
Effective communication	0.116	0.049	2.364	0.020

Retention of employees = -0.495 + 0.042 (Employee voice) + 0.320 (Compensation) + 0.241 (Career development) + 0.230 (Job flexibility) + 0.155 (Leadership) + 0.116 (Effective communication)

Using this equation, given values for Employee voice, Compensation, Career development, Job flexibility, Leadership, and Effective communication change can come up with a prediction for the Retention of employees in private sector.

If we increase the Employee voice by one unit there is possibility of Retention of employees to increase by 0.042 units. If we increase the Compensation by one unit there is possibility of Retention of employees to increase by 0.320 units. If we increase the Career development by one unit there is possibility of Retention of employees to increase by 0.241 units. If we increase the Job flexibility by one unit there is possibility of Retention of employees to increase by 0.230 units. If we increase the Leadership by one unit there is possibility of Retention of employees to increase by 0.155 units. If we increase the Effective communication by one unit there is possibility of Retention of employees to increase by 0.116 units.

5. Recommendation

The findings have revealed that Compensation and Career development opportunities have strong impact on the retention of private sector employees in Akkaraipattu followed by Work flexibility, Effective communication, Leadership and Employee voice. Adoption such employee retention strategies can further add value to the organizations to avoid the demerits.

- The organizations can concentrate on equity factors when designing the compensation package other than the profitability and financial stability alone with wide range of benefits designed to enhance individual efforts by identifying those which have more influence on employee retention and replace them with those that are no longer relevant.
- Create two-way communication in the organization. The employees need to be provided with the opportunities to come out with their thoughts, feelings and opinions in the workplace settings.
- Create a proper management and leadership style to enhance employees loyalty and retention to the organization as per the situations dictate.
- Organizations should follow the grievances' procedure, suggestion systems, and counselling service so that organization can retain their skilled and talented employees which reduces the unsatisfied situations.
- Provide opportunities for part-time employment, telecommuting, freelancing, flexible work hours.
- Career development opportunities need to be communicated to employees from the time of recruitment and provide educational, training and development opportunities locally and overseas and often discuss the promotional opportunities in the organization. Use merit-based promotion other than seniority.

6. Implications and Future research

This study deals with employee retention strategies in Akkaraipattu. This study is limited to a limited area. The limitations provide a lack of clarity and an inability to conclude with pronounced confidence that the selected variables have a direct and positive impact on retention of employees. And only a small sample of population is taken in the study. Therefore, the results of the analysis may not accurately reflect the situation as it pertains on the ground. Another limitation is focusing only in two divisional secretariats in Akkaraipattu area, due to time and budget constraints. Indirect strategies influencing employee retention are not included. There are also many other factors that influence on student performance directly and indirectly which are not considered in this study. Respondents were hesitated to disclose the relevant accurate information. Additionally, closed ended questions didn't allow their views. Further all the employees were not surveyed. The number of male respondents was higher compared with female respondents.

The future researchers could investigate more details on several other strategies influencing the retention of employees in private sector in a wide research area. A collection of districts can also be taken for the study. Further other research could explore how strategies influence on employees varies from a one areal to another, from a country to another and from a culture to another.

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