Employee Retention Strategies and Organizational Performance: General Views of Employees in Public and Private Sector Organizations

Dr.B.Swathi

Principal,
Global Education Centre [MBA], Moinabad.

Abstract: Employee retention strategies play an important role in organizations because it affects workers" performance. The study investigated the various employee retention strategies and its effect on workers" performance. Five (6) organizations were selected by simple random sampling technique. They were stratified into three (3) public sector and three (3) private service organizations. Through proportional allocation method of the stratified sampling technique, a total of 120 respondents were selected. Questionnaires were either self-administered or through the face-to-face interview. The data was edited and analyzed with the aid of SPSS software programme. Both descriptive and inferential statistics were used in the analysis. The study found out that employee retention strategies impacted positively on workers" commitment and performance. It was therefore recommended that employee retention strategies should be allowed to function properly in an organization which persuaded workers to stay in an organization.

Keywords: Employees, Retention, Workers" Performance, Management.

1. Introduction

Recruitment and development of employees is a large burden for companies in most industries. Due to this, there is a clear organizational imperative to attract and retain talented workers since employees constitute an important resource, especially for knowledge intensive organizations. Employee retention is very important for the functioning and competitiveness of a company. Ideally, employee retention is keeping the employees that have already been hired. "When you have hired good people, trained them, built them into high-performing teams, you don't want to lose them"(Herman, 1999). Companies need to keep and retain good employees, as well as motivating them. Employee retention is simple to understand, but at the same time it can be difficult to achieve. Knowing what employees want and need is a step in the right direction. Employees today are different. As soon as they feel dissatisfied with the current employer or the job, they switch over to look for another job. It is the responsibility of employers to retain their best employees. A good employer should know how to attract and retain its employees.

2. Problem Statement

The impact of employee turnover on organizations is that it often engenders far-reaching consequences and may jeopardize efforts to attain organizational objectives (Hill and Jones, 2001). In addition, Hill and Jones (2001) indicated that when an organization loses a critical employee, there is a negative impact on innovation, consistency in providing service may be jeopardized, and major delays in the delivery of services to customers may occur. A decline in the standard of service could also adversely affect the satisfaction of internal and external customers and consequently, the profitability of the organization. It is for these reasons that the paper sought to assess retention strategies in organizations and how they affect workers" performance.

3. Objective

The main objective of the paper was to identify the strategies employed by management in retaining their employees in an organization. Specifically, the paper sought to examine the retention strategies and their effect on workers" performance. In addition, the paper also examined the role of employee retention in organizations.

4. Literature Review

Employee retention is keeping employees that have already been hired. The components of employee retention that have been identified are compensation, organizational environment, relationship, growth and career, and support.
Compensation constitutes the largest part of employee retention processes. Compensation includes salary and wages, bonuses, benefits, prerequisites, stock options and vacations. These incentives help to retain employees in an organization"s start-up stage.
Organizations should focus on managing the work environment to make better use of the available human assets. According to Goetzel (1999), improving employees
 practice at work, is directly related to their productivity and profitability of organizations. The paper focuses on the impact of job hazard analysis (JHA) on organizational performance.
Organizational development depends on analysis and identification of the factors that conclude the effectiveness of the organization. Organizations and managers are willing to get employees commitment, which leads to improve the productivity. Management would like to introduce employee with norm, values and objectives of the organization which is important to

understand the organizational culture. It is the responsibility of the management to introduce the organizational culture to its employees that will assist the employees to get familiar with the system of organization. Management must try to always keep learning environment in the organization. Proper understanding of organizational culture should leads towards improvement of employee's performance. As per organizational development is concerned, employees performance consider as a back bone for the industry. So organization's wants to get the loyalty of their employees towards organization

5. Methodology

The research study investigates the employee retention and its effect on organizational performance. The study uses primary data which have been calculated through verified questionnaire of Derek (2007). The sample size of 120 was taken from three public sector and three private sector organizations, total 100 respond was received at the rate of 66.77% response rate, in that sample 66 percent represents the ratio of male and 54 percent represent that ratio of female employees. Data have been using SPSS software. Firstly the normality of all variables has been tested then the Pearson correlation and regression have been applied on the data. The purpose of the correlation test is to analyze the extent of effect on the variables (Jeffery & John, 2003), on the basis of the result, the extent of effect of different variables checked on the dependent variable of organizational performance.

5.1 Hypotheses: The following hypotheses explore the relative impact of independent variable (employee retention, work hazards and problems at work, organizational culture, welfare policy) on the dependent variable which is (organization performance).

6. Testing of Hypotheses

(Ho): Null hypotheses- There is no significant association between organizational performance and employee retention strategies
(H1): Alternative hypothesis- There is a significant association between organizational performance and employee retention strategies.

(Ho): Null hypotheses- There is no significant association between organizational performance and work hazards and problems at work .
(H2): Alternative hypothesis- There is a significant association between organizational performance and work hazards and problems at work .

(Ho): Null hypotheses- There is no significant association between organizational performance and organizational culture.
(H3): Alternative hypotheses- There is a significant association between organizational performance and organizational culture.

(Ho): Null hypotheses- There is no significant association between organizational performance and welfare policy .
(H4): Alternative hypotheses- There is a significant association between organizational performance and welfare policy .

6.2 Conceptual Framework The conceptual frame work for the present study is based on the Derek (2007) in that Organizational Performance taken is taken as dependent variable (DV) and employee retention, work hazards and problems at work, organizational culture, welfare policy are taken as an independent variables. Further more organizational performance is taken as proxy for job satisfaction and job commitment.
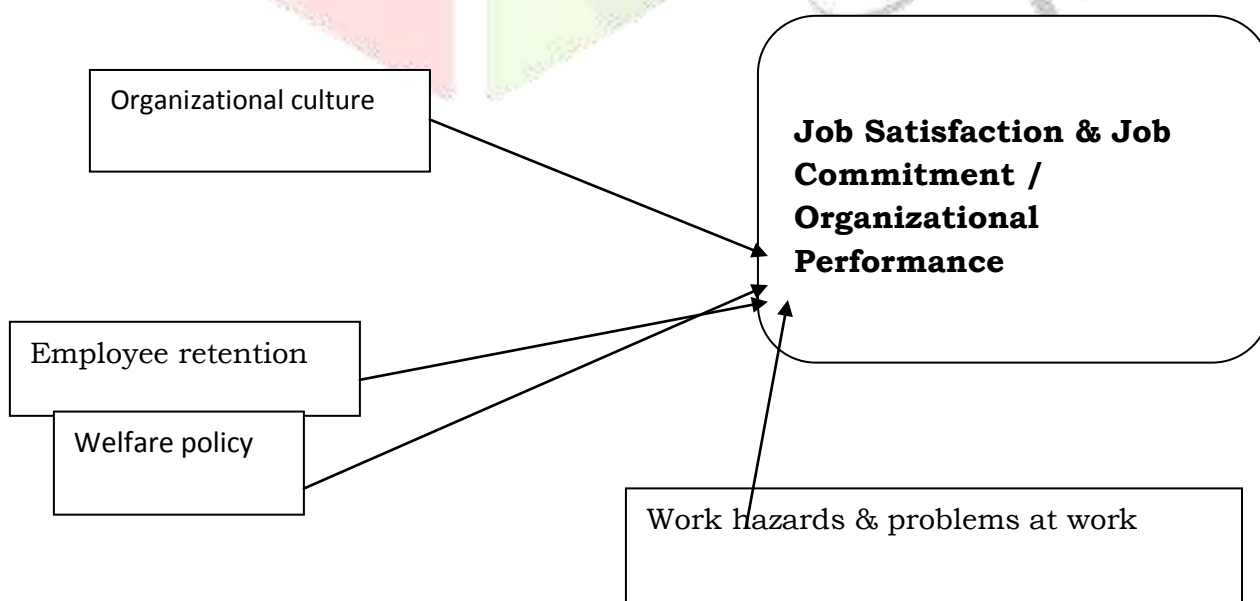
7. **Analysis and Discussion**

7.1 Frequency Distribution Table of Age: Table 1 shows that the frequency distribution of the respondents in which the 30% of total staff members lies between the ages of 18-28 years, 60% represents the ages of employees that lies between 29-39 years and 30% shows the percentage of employees that represents that ages of more than 40 years.

7.2 Frequency Distribution Table of Gender: Table 2 demonstrate the frequency distribution of gender in which total 66 out of 120 staff members are male which represents 55% of the total employees, and 45 out of 120 staff members are female which represents 45% of the total sample.

7.3 Correlation: The research study finds out the Pearson correlation between Organizational training and job satisfaction, learning, salary, promotion, and performance. The correlation value is lie between -1 and +1. -1 represents complete negative relationship while +1 represents perfect relationship between variables. The analysis show there is high level of correlation between these variables at 0.01 levels and 0.05 levels.

Table 3 shows the Pearson correlation between organizational performance and employee retention. The value .825** shows the correlation is significant at 0.05 level. At df=4, tcv @ .05 alpha (2-tailed) = 2.776. Since the test statistic 2.916 exceeds the critical value 2.776, there is a statistically significant association between organizational performance and Employee retention.

Table 4 shows the Pearson correlation between organizational Performance and work hazards & problems at work.The value .575** shows the correlation is significant at 0.05 level. At df=4, tcv @ .05 alpha (2-tailed) = 2.776.Since the test statistic 1.404 is less than the critical value2.776, there is a statistically no significant association between organizational performance and work hazards & problems at work.

Table 5 shows the Pearson correlation between organizational Performance and organizational culture.The value .533** shows the correlation is significant at 0.05 level. At df=4, tcv @ .05 alpha (2-tailed) = 2.776.Since the test statistic 1.2609 is less than the critical value2.776, there is a statistically no significant association between organizational performance and organizational culture.

Table 6 shows the Pearson correlation between organizational Performance and welfare policy.The value .108** shows the correlation is not significant at 0.05 level. At df=4, tcv @ .05 alpha (2-tailed) = 2.776.Since the test statistic 0.217 is less than the critical value2.776, there is a statistically no significant association between organizational performance and welfare policy.

8. **Recommendations**

The study revealed that poor manager-employee relations reduced workers" commitment to work hard in the organizations. It is recommended that favourable working conditions and good personal relations in organizations should be promoted and encouraged to motivate employees to stay in their organizations. A high potential employee is always at the center of attention at every workplace and all efforts should be made to retain such employees.

9. **Conclusion**

The responses from the employees indicated that employee retention strategies functioned in their organizations. Employee retention strategies are part within a system (organization) contributing to the success of the whole system, hence, it is functional. Employee retention strategies should inform management and employees as a good mechanism for retaining employees in organizations. Therefore, employee retention strategies will impact positively on workers" performance if it is properly managed in an organization. This enhances employees" contribution to the success of organizations.

References

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Table 1: Frequency Distribution Table of Age

Age	Frequency	Percentage
18-28	30	25
29-39	60	50
40 & above	30	25
Total	120	100

Table 2: Frequency Distribution Table of Gender

Gender	Frequency	Percentage
male	66	55
female	54	45
Total	120	100

Table 3: Pearson Correlation Between Organizational Performance and Employee Retention

S.N	X	Y	X2	Y2	XY
1	3.4	3.7	11.56	13.69	12.58
2	4	4	16	16	16
3	4.4	4.1	19.36	16.81	18.04
4	4.1	3.4	16.81	11.56	13.94
5	4	3.4	16	11.56	13.6
6	2.3	2.6	5.29	6.76	5.98
sum	22.2	21.2	85.02	76.38	80.14

X=Independent variable [employee retention]

Y=Dependent variable[organizational performance]

Compute "Pearson"'s r

$$r_{xy} = \frac{n\sum XY - \sum X \sum Y}{\sqrt{\left[n\sum X^2 - (\sum X)^2\right] * \left[n\sum Y^2 - (\sum Y)^2\right]}}$$

r=0.825

Interpret:	A positive correlation indicates the values of variable X and variable Y vary in the same direction.
	A negative correlation indicates the values of variable X and variable Y vary in the opposite direction.

Characterizations of "Pearson" r

.9 to 1 very high correlation

.7 to .9 high correlation

.5 to .7 moderate correlation

.3 to .5 low correlation , 0 to .3 little if any correlation

In this example, there is a very high positive correlation between the variation of employee retention and the variation of organizational performance.

Determine "Coefficient" of Determination

$$Coefficient = r^2 = 0.680 \text{ or } 68\%$$

Sixty eight percent of the variance displayed in the variable in the employee retention is associated with the variance displayed in the organizational performance variable.

Hypothesis Testing for "Pearson" r

State the "Hypothesis"

Reject=(Ho): Null hypothesis- There is no significant association between employee retention strategies and organizational performance.
Accept=(H1): Alternative hypothesis- There is a significant association between employee retention strategies and organizational performance.

Set the Rejection Criteria

Determine the degrees of freedom (df) df=n – 2 or 6-2=4

Determine the confidence level, alpha (2-tailed)

Use the critical values from the t distribution at df=4

tcv @ .05 alpha (2-tailed) = 2.776

Compute Test Statistic

$$t = r\sqrt{\frac{n-2}{1-r^2}} = 2.916$$

Decide Results

Since the test statistic 2.916 exceeds the critical value 2.776, there is a statistically significant association between employee retention and organizational performance. Reject null hypotheses and accept alternate hypotheses.

Table 4: Pearson Correlation between Organizational Performance and Work hazards &Problems at work

S.N	X	Y	X2	Y2	XY
1	2.2	3.7	4.84	13.69	8.14
2	3	4	9	16	12

3	3.5	4.1	12.25	16.81	14.35
4	3.4	3.4	11.56	11.56	11.56
5	2.5	3.4	6.25	11.56	8.5
6	2.2	2.6	4.84	6.76	5.72
sum	16.8	21.2	48.74	76.38	60.27

X=Independent variable [work hazards & problems at work]

Y=Dependent variable[organizational performance]

Compute "Pearson"'s r

$$r_{xy} = \frac{n\sum XY - \sum X \sum Y}{\sqrt{\left[n\sum X^2 - (\sum X)^2\right] * \left[n\sum Y^2 - (\sum Y)^2\right]}}$$

r=0.575

| Interpret: | A positive correlation indicates the values of variable X and variable Y vary in the same direction. |
| | A negative correlation indicates the values of variable X and variable Y vary in the opposite direction. |

Characterizations of "Pearson" r

.9 to 1 very high correlation

.7 to .9 high correlation

.5 to .7 moderate correlation

.3 to .5 low correlation , 0 to .3 little if any correlation

In this example, there is a moderate correlation between the variation of work hazards & problems at work and the variation of organizational performance.

Determine "Coefficient" of Determination

$Coefficient = r^2$ = 0.330 or 33%

Thirty three percent of the variance displayed in the variable in the work hazards & problems at work is associated with the variance displayed in the organizational performance variable.

Hypothesis Testing for "Pearson" r

State the "Hypothesis"

Reject=(Ho): Null hypothesis- There is no significant association between work hazards & problems at work and organizational performance.
Accept=(H2): Alternative hypothesis- There is a significant association between work hazards & problems at work and organizational performance.

Set the Rejection Criteria

Determine the degrees of freedom (df) df=n – 2 or 6-2=4

Determine the confidence level, alpha (2-tailed)

Use the critical values from the t distribution at df=4

tcv @ .05 alpha (2-tailed) = 2.776

Compute Test Statisticxe "Statistic"

$$t = r\sqrt{\frac{n-2}{1-r^2}} = 1.404$$

Decide Results

Since the test statistic 1.404 is less than the critical value 2.776, there is no statistically significant association between work hazards& problems at work and organizational performance. Accept null hypotheses and reject alternate hypotheses.

Table 5: Pearson Correlation Between Organizational Performance and organizational culture

S.N	X	Y	X2	Y2	XY
1	4	3.7	16	13.69	14.8
2	4	4	16	16	16
3	4.7	4.1	22.09	16.81	19.27
4	4.2	3.4	17.64	11.56	14.28
5	3.1	3.4	9.61	11.56	10.54
6	3.7	2.6	13.69	6.76	9.62
sum	21.1	21.2	95.03	76.38	84.51

X=Independent variable [organizational culture]

Y=Dependent variable[organizational performance]

Compute "Pearson"'s r

$$r_{xy} = \frac{n\sum XY - \sum X \sum Y}{\sqrt{\left[n\sum X^2 - (\sum X)^2\right] * \left[n\sum Y^2 - (\sum Y)^2\right]}}$$

r=0.5334

Interpret:	A positive correlation indicates the values of variable X and variable Y vary in the same direction.
	A negative correlation indicates the values of variable X and variable Y vary in the opposite direction.

Characterizations of "Pearson" r

.9 to 1 very high correlation

.7 to .9 high correlation

.5 to .7 moderate correlation

.3 to .5 low correlation ,   0 to .3 little if any correlation

In this example, there is a moderate correlation between the variation of organizational culture and the variation of organizational performance.

Determine "Coefficient" of Determination

$$Coefficient = r^2 = 0.2845 \text{ or } 28.45\%$$

Thirty twenty eight percent of the variance displayed in the variable in the organizational culture is associated with the variance displayed in the organizational performance variable.

Hypothesis Testing for "Pearson" r

State the "Hypothesis"

Reject=(Ho): Null hypothesis- There is no significant association between organizational culture and organizational performance.
Accept=(H3): Alternative hypothesis- There is a significant association between organizational culture and organizational performance.

Set the Rejection Criteria

Determine the degrees of freedom (df) df=n – 2 or 6-2=4

Determine the confidence level, alpha (2-tailed)

Use the critical values from the t distribution at df=4

tcv @ .05 alpha (2-tailed) = 2.776

Compute Test Statisticxe "Statistic"

$$t = r\sqrt{\frac{n-2}{1-r^2}} = 1.2609$$

Decide Results

Since the test statistic 1.2609 is less than the critical value 2.776, there is no statistically significant association between organizational culture and organizational performance. Accept null hypotheses and reject alternate hypotheses.

Table 6: Pearson Correlation Between Organizational Performance and welfare policy.

S.N	X	Y	X2	Y2	XY
1	4.4	3.7	19.36	13.69	16.28
2	4	4	16	16	16
3	4.1	4.1	16.81	16.81	16.81
4	3.9	3.4	15.21	11.56	13.26
5	3.8	3.4	14.44	11.56	12.92
6	4	2.6	16	6.76	10.4
sum	24.2	21.2	97.82	76.38	85.67

X=Independent variable [welfare policy]

Y=Dependent variable[organizational performance]

Compute "Pearson"'s r

$$r_{xy} = \frac{n\sum XY - \sum X \sum Y}{\sqrt{\left[n\sum X^2 - (\sum X)^2\right] * \left[n\sum Y^2 - (\sum Y)^2\right]}}$$

r=0.108

Interpret:	A positive correlation indicates the values of variable X and variable Y vary in the same direction.
	A negative correlation indicates the values of variable X and variable Y vary in the opposite direction.

Characterizations of "Pearson" r

.9 to 1 very high correlation

.7 to .9 high correlation

.5 to .7 moderate correlation

.3 to .5 low correlation ,   0 to .3 little if any correlation

In this example, there is a little correlation between the variation of welfare policy and the variation of organizational performance.

Determine "Coefficient" of Determination

$$Coefficient = r^2 = 0.011 \text{ or } 1.16\%$$

One percent of the variance displayed in the variable in the welfare policy is associated with the variance displayed in the organizational performance variable.

Hypothesis Testing for "Pearson" r

State the "Hypothesis"

Reject=(Ho): Null hypothesis- There is no significant association between welfare polocy and organizational performance.
Accept=(H3): Alternative hypothesis- There is a significant association between welfare policy and organizational performance.

Set the Rejection Criteria

Determine the degrees of freedom (df) df=n – 2 or 6-2=4

Determine the confidence level, alpha (2-tailed)

Use the critical values from the t distribution at df=4

tcv @ .05 alpha (2-tailed) = 2.776

Compute Test Statisticxe "Statistic"

$$t = r\sqrt{\dfrac{n-2}{1-r^2}} = 0.217$$

Decide Results

Since the test statistic 0.217 is less than the critical value 2.776, there is no statistically significant association between organizational culture and organizational performance. Accept null hypotheses and reject alternate hypotheses.