



## An Empirical Study to Retain Good Quality Employees in Indian Firms

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### Abstract

This study aims to determine the various factors influencing and attempting to measure the employee retention, especially in Indian firms, as employees are the most crucial asset for any organization. Even though most organizations today are technology-enabled, human resources are needed to handle modern equipment. One of the most prominent challenges organizations face regarding human resource (HR) planning is retaining good, skilled, and efficient employees for long. To achieve productivity in the competitive world, capable and efficient employees must utilize available resources effectively. In this study, the sample was collected from various employees of different Indian firms by a self-administered survey questionnaire based on the random sampling method (RSM). The analysis was done by statistical calculations in SPSS and Structural Equation Modeling (SEM) in AMOS 20. The findings affirm that organizations today need to develop a strong bonding between management and employee, create a good communicative environment, and encourage employees to work as a team without discrimination. Furthermore, this study also provides various recommendations for HR managers to give respect along with the value and appreciation, provide a healthy work environment and job design, place employees according to their skills, and provide career growth opportunities to retain a quality workforce by making them committed and engaged.

**Keywords:** employee retention, organization, employees, management, environment.

### 1. Introduction

Employees form the backbone of any organization; organizational management must retain quality employees by developing policies and strategies for the betterment of the organization itself. Organizations have realized that human resource (HR) is a valuable asset for their growth and development if they engage and properly motivate them to perform better (Potgieter & Snyman, 2018). If management and employees give value and importance to each other, it would be beneficial for individual and organizational development, which would lead to retaining quality employees (Umamaheswari & Krishnan, 2016).

Retention is simple to understand, but at the same time, it can be more challenging to achieve. Overall, it is a challenging process. Knowing what employees want and need is a step in the right direction. Managers must acknowledge and accept that they are accountable for managing the factors within their control to retain their most valued and talented employees (Pavithra & Thirukumaran, 2018). Moreover, when an employee defines their career options, employers are likely to reframe their strategy to retain committed and valuable

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employees to the organization (Coetzee et al., 2015). Intelligent employers always realize the importance of retaining the best talent. Retaining talent has been very important in Indian as well as in the global scenario. Similarly, Sepahvand and Khodashahri (2021) explained that HR is one of the most valuable assets of any organization and is considered essential to intellectual capital. Due to the scarcity of experienced and skilled human resources, recruiting and retaining good quality employees for the long term are crucial.

When an employee is convinced and satisfied with their employer, s/he would want to remain in the organization for long. Herein, the management must put extra effort into retaining valuable employees. Wulansari et al. (2020) explained that a huge amount of capital and productivity is effectively lost due to employee turnover; this could be saved by forming effective HR strategies and policies to retain a quality workforce. Further, he stated that the management should engage its skilled employees by providing them a workable and communicative environment. Moreover, the management should also provide a convenient and comfortable work environment, welfare benefits, a good salary structure, job security, etc., to ensure that it can retain its human capital (Wulansari et al., 2020).

Furthermore, employee retention is crucial because employees play an essential role in increasing organizational efficiency while fulfilling the larger organizational goals and objectives. If an employee is engaged and dedicated to their work, it would be highly productive in terms of organizational effectiveness (Long, 2016).

When the management can successfully make an employee feel that the workplace is almost like their second home, whereby s/he feels that s/he can make a difference and that other people care about them, they engage holistically, which benefits the employer over a while. In addition Erickson (2016) explains that managers who engage employees well make them feel better in the context of all the policies and strategies implemented to retain the workforce rather than buying them. Employers need to better understand their employees' priorities to help them retain this large and expanding segment for the longer term; otherwise, they risk losing massive capital to unwanted turnover (Erickson, 2016).

Researchers in the past have observed that employee retention is a growth-oriented approach, which has a positive impact globally on both the employee and the organization/employer achieve beneficial outcomes in the terms of retention and ease of recruitment. Still, retention is a challenge (Delbridge et al., 2013). In the Indian context, after liberalization, the restructured, reestablished, and profit-making-oriented market witnessed increased competition from domestic and international sources. Outsourcing has pushed forces on all the functions, operations, and levels of the organization (Agarwal & Munish, 2015). Employers are facing problems from recruitment to retention of talented employees.

The retention of good talent will be possible only by developing an effective strategy to build capabilities, resources, competencies, effective human resource planning, and human resource forecasting processes (Kaur & Dilawari, 2017). Retention strategies include various measures to ensure an employee stays in the organization for a longer period, feels like a part of the organization, and refers to policies and practices used to prevent quality employees from leaving their jobs such as job security, salary, rewards and recognition, fringe benefits, retirement benefits plan, promotion, compensation, training and development, and involvement in decision making and in designing strategies for retention. One of the most crucial things in this retention is giving employees a comfortable work environment so that talented workforce is attracted and retained (Kaur & Dilawari, 2017).

A special emphasis has been given by Kumar and Mathimaran (2017) to expanding the retention by implementing the triple-R retention strategies (i.e., respect, recognition, and rewards). Respect is esteem, special regard, or value given to people. Recognition and rewards will affect the satisfaction level of employees if s/he doesn't get respect and value.

Recognition is a type of appreciation given to the employees for the excellent work that encourages them to go beyond expectation. In contrast, rewards are the bonus, extra perks, and benefits that employers offer to give value and attention (Kumar & Mathimaran, 2017).

Employers should apply efforts to enhance both organizational commitment and employee retention. These include giving constructive and regular feedback to employees, communicating regularly with employees about their and organizational goals and expectations, making them feel valuable by introducing rewards and recognition mechanisms, providing them growth opportunities, and mentoring them for their careers ahead. All of this in amalgamation would compel them to remain in the organization for long (Soenanta et al., 2020).

Retention of employees in the organizations is an important parameter of assessing the success rate of any organization. The industrial sector has been moving towards globalization, which changes employees' behavior towards their organizations. Thus, the firms have to retain educated and talented employees during the high turnover rate (Diah et al., 2020). The main objectives of this study are to determine the various factors influencing employee retention, measure employee retention in Indian firms, and answer the following research questions.

- What are the factors influencing the retention of employees?
- What are the measures for the retention of employees in Indian firms?

This paper has been categorized into five sections: Introduction followed by Review of Literature; Research Methodology; Data analysis, Interpretation and Results; and Discussion and Conclusion. The current study attempts to highlight the factors influencing the retention of employees in Indian firms. This study provides recommendations to the employers on the formation and implementation of strategies for employee retention.

## **2. Review of Literature**

Various works have been done in this area; thus, many studies are examined in the following subsections.

### *2.1. Highlighting the Literature*

Shivanjali et al. (2020) conducted a study to find out the factors related to employee retention that influence work and job satisfaction levels of employees. Two hundred forty employees of IT professionals' data were analyzed by SPSS 20 and Amos 23. The results indicated that factors like compensation, promotion, working condition, and job security have the highest influence on the job satisfaction level of employees at work. In the same year, Soenanta et al. (2020) conducted a study to examine the impact of job satisfaction and organizational commitment on employee retention in a lighting company among 204 employees who had been selected randomly. Results concluded that job satisfaction and commitment have a positive direct effect on the retention of employees and have a positive direct impact on organizational commitment. Another study by Sudhakaran and Senthilkumar (2019) surveyed 942 technology professionals in India to find out the strategies and policies for retaining the valuable talents. Results indicated that management should effectively understand and implement retention policies like effective leadership, career development programs, a good compensatory package, a healthy organizational work environment, and work-life balance.

Upadhyay et al. (2019) tried to explore the factors responsible for employee retention, including job satisfaction of employees and the performance appraisal on team effectiveness, specifically in the service care sector. Both CFA and SEM in AMOS 21 were used for

analysis. Results showed a significant positive relationship between performance appraisal and team effectiveness. However, in the same year, Giri (2019) conducted a study on Indian construction industry employees. That study revealed that the human resource of that industry might be coaxed into commitment by doling out both non-monetary and monetary benefits. Data were collected from 287 employees by a survey questionnaire from various construction companies. The study's final findings revealed that all the extracted motivating factors had a strong, positive, and significant relationship with the retention of employees. Laura et al. (2019) were keen to know the impact of leader satisfaction on employee engagement, retention, and employee loyalty. Data were analyzed by multi-group analysis and SEM. The findings revealed that leadership satisfaction directly and positively influences employees' engagement and loyalty. They added that a trustworthy relationship with the leadership significantly enhances the employees' intention to stay. Thus, the moot point from this study is that positive leadership is necessary for employee engagement and loyalty, which allures the employee to remain in the organization.

Malone & Raja, (2015) on the other hand, conducted a study to know the elements that lead to enhanced employee engagement, along with the commitment and concern – specifically of female workforce – within a construction company. Notably, this study was done to know the important work-life balance, job security, satisfaction, cooperation, and various other management aspects related to the retention of women employees. The results of this study have been valuable in shedding light on work-life balance and encouraging women employees to stay on.

Lee and Way's (2010) study looked to assess the motivation level of employees under the influence of the workplace environment. Data were collected from 1489 participants working in the hotel industry through a survey questionnaire. The study findings revealed that hoteliers must provide ample career and skill development opportunities, have the means to expand and share knowledge, and provide more incentives, perks, and non-monetary benefits to retain the workforce. William (2010) explored the effects of job insecurity with regard to employee behavior, job satisfaction, and employee emotions. Data were collected by a self-reported digital survey from 320 employees. The findings revealed that job insecurity was not significantly related to job satisfaction. However, it affected directly and indirectly the employee emotions and behavior.

Yet in another study, Frey et al. (2013) looked to identify what it takes to retain well-qualified employees, as it is a crucial point, especially for services organizations. They noted that employee satisfaction is of paramount importance for client satisfaction and retention. Further, they stated that proactive work on client feedback, marketing, and recognizing human resources would enhance their service delivery, enabling clients to invest further in their services. Thus, service organizations were asked to encourage good communication and collaboration between all the extracted functions through the outcomes of that paper. This would also encourage the overall satisfaction level of employees. Naharuddin and Sadegi (2013) explored the effects of working environment on employee performance. Data were collected from 139 participants by a survey questionnaire. Results showed that 'supervisor support' was not necessarily sufficient for better employee performance; other factors, like job-aid, workplace infrastructure, and psychological and social support, were also responsible for overall improvement in employee performance.

Further, Beatson et al., (2008) studied employee behavior within organizations regarding its overall effectiveness. Data were collected from 250 employees. The results revealed that service-related work affects employee satisfaction more, coupled with trust, relationship satisfaction, and employee commitment. Ruohan and Xueyu (2016) conducted a study to know the impact of gender equality at the workplace regarding employee productivity and

organizational profitability. The results revealed that organizations that had more than fifty employees had better gender equality. However, the employees, by and large, were low-skilled and low-performing. Interestingly, on the other hand, in organizations that had less than fifty employees, the participation of women employees was more, which significantly increased organizational productivity. Moreover, the findings also suggested that equally treating both male and female employees was also beneficial for the organization over time.

Another study was done by Osborne and Hammoud (2017) on employee retention. They looked to explore the strategies that management use to involve their employees. For data collection, both structured and semi structured interviews were conducted. Additionally, some relevant documents of various organizations under study were also collected. With the help of data familiarization and data coding, various patterns were found. Overall, that research findings showed that the employee-management relationship is crucial for employee engagement to increase the organization's profitability and productivity. Chaubey et al. (2017) conducted a study to know the level of employee-management relationships and their effect on the job satisfaction level of employees. They surveyed with the help of a questionnaire that was administered to 167 participants. They found a strong bond between the management and employee relationship concerning employee work satisfaction; this was beneficial both for employees and the organization. Gani et al. (2020) explored the explanatory power of employability skills, employees' dedication towards their work, their job satisfaction level, and commitment to the possibility of their retention. Data were collected from three hundred eleven employees. The results showed that organizational commitment effectively depends on employees' job satisfaction, which is intrinsically correlated with training and development programs, career growth, and compensation and rewards and recognition. Notably, Taiwo et al. (2016) stated that for any organization, its vision and mission statements serve as the backbone for implementing policies, strategies, and future forecasting for the managerial decision-making process. They reiterated that if the organizational mission and vision are properly implemented, it would be beneficial for an employee-management relationship, employee engagement, increase in employee productivity, efficiency, and thereby would affect the overall organizational reputation.

Later, Chuanyu et al. (2018) conducted a study to know how and when the employee-management relationship is connected with workplace behavior. The results indicated that workplace environment and employee-management relationship is dependent on employee behavior, reflected through organizational trust. They suggested that future research should use more factors and indicators to measure employee behavior. Gupta's (2018) study on employee engagement in the Indian context, i.e., employee engagement in the context of organizational culture, highlighted that the employee-level factors, including psychological, employee performance, work satisfaction, all in amalgamation led to employee retention. Further, the results showed that employee engagement is valuable and essential even for individuals who work as an HR professionals. It helps in making policies and strategies in accordance, leading again to employee retention. Bangwal and Tiwari's (2018) study on variables such as working environment and employee satisfaction regarding the employees' intent to stay in an organization was seminal. This study was based on the Indian hotel industry, where employee attrition rates seem to be very high. Using the random sampling method, they surveyed five hundred hotel employees. Notably, their analysis was done by the SEM approach, using AMOS 18 software. Their findings revealed that employees tend to show their inclination to stay based on the design of the working environment, whereby they feel engaged and satisfied, and thereby intend to stay.

More recently, Diah et al. (2020) conducted a study to know the effect of the overall investment needed in developing employee retention programs in Pharma companies of

Indonesia. They collected data from three hundred sixteen employees from various Pharma companies, and analyzed the data using structural equation modeling and AMOS. The findings showed that the investments in human resources had a positive effect on employee retention. Further, in the same year, Kim et al. (2020) looked into the impact of the perceptions of employees on their intention to stay, quality of work-life (QWL), organizational identification (OI), and corporate social responsibility (CSR) activities in the organization. Data were collected from employees of a Casino hotel in the USA. The results showed that the humanitarian and ethical aspects of CSR in its holistic dimensions had a significant positive effect on OI, and indirect effects on Higher-order quality of work-life (HQWL) via organizational identification (OI); this, in turn, led to a strong and positive direct effect on HQWL concerning the employees' intention to stay. Interestingly, while both humanitarian and ethical CSR dimensions indirectly affected the intention to stay via HQWL and OI, the economic aspects of CSR activities had a significant, indirect effect on the intention to stay via HQWL.

## *2.2. Highlighting the Factors Influencing Employee Retention*

This study is an attempt to highlight the significance of employee retention. It critically investigates the existing literature on employee retention, primarily in the Indian context. The findings would encourage HR managers to recognize the importance of employee engagement and commitment and keep them dedicated to their work. After investigating various previous studies, the following salient factors have been derived: employee relationship, leadership satisfaction, work environment, career development, quality of behavior, trust, top management vision and mission, socio-economic policy, and gender equality. Based on our understanding thus far, these would go a long way in enhancing employee engagement, organizational commitment, and the employees' intention to stay in the organization.

### *Management – Employee Relationship*

The effective and strong management-employee relationship ensures success and invariably provides the growth and development of the organization in the long run. Any issue relating to productivity and growth that is unidentifiable can be tackled well with the help of a good management-employee relationship, which will benefit the employee and the organization in the long run (Vineet et al., 2013). Moreover, worker's participation in management (WPM) is an advanced technique to increase the involvement of employees, which in turn enhances employee-management relationships. Additionally, it contributes effectively to achieving organizational goals by increasing workers' participation in management to make decisions, which helps managers inform policies and strategies (Onyango, 2014). Oluchi (2013) defined management – employee relationship as an affair that an organization could use to properly manage all communication and achieve the organizational goals while significantly enhancing employee productivity. The HR department thereby plays an essential role in operations and training and development (T&D) for supervisors and top management officials to train them on how to take care of the work assigned to employees while maintaining a good relationship with them for the overall organizational wellbeing. Further, Men and Jiang (2016) revealed that organizational culture of supportiveness and trustworthy leadership are significant predictors of a good management-employee relationship.

**H<sub>1</sub>:** Management – employee relationship directly and positively influence employee retention.

### *Leadership Satisfaction*

Anastasiou and Garametsi (2020) explained that leadership is an essential element of HR management, with potentially significant indirect effects on employees' work performance and job satisfaction, which will give positive results in retention. Moreover, effective and strong leadership will be able to motivate a person to feel satisfaction in work (Runi et al., 2017). Kozlowski and Bell (2003) explained that the most remarkable leadership spirit is to work as a team with role clarity to achieve the goals and objectives of the organization. It is believed that employee engagement is related to leadership satisfaction (Christian et al., 2011; Saks & Gruman, 2014), which encourages a leader to motivate the employees dedicated to their work. It has also been claimed that employee–management relationship bonding also hinges upon employees' overall commitment and engagement (Declining employee loyalty: A causality of the new workplace, 2012). Alarcon et al. (2011) maintained that role clarity, leadership satisfaction, team spirit, and dedication are the main factors influencing military officers' retention.

**H<sub>2</sub>:** Leadership satisfaction directly and positively influences employee retention.

### *Work Environment*

Pratama and Tentang (2015) stated that the work environment could affect employees' emotions. If the employee feels comfortable at work, they can do their work effectively by utilizing the available resources. This will enhance the performance of employee and will increase the productivity of the organization. Chandrasekar (2011) revealed that the relationship between the workplace environment, resources at the workplace, and the infrastructure to work are essential components of work. Some working environment characteristics that influence and enhance employee performance include the supervisor's advice and support, job aid, and work environment. These in amalgamation help ensure total employee engagement. Oswald (2012) suggested that for improving employee performance, the management must take care of the physical workplace area and provide adequate psychosocial support to make employees feel more comfortable in their work. According to Clements and Derek (2015), the performance at the workplace can improve by providing a relaxing and appropriate work environment to do their job with full dedication, which would improve the employee's overall performance and satisfaction levels.

**H<sub>3</sub>:** Work environment directly and positively influences employee retention.

### *Career Development*

Kohlmeyer et al. (2017) revealed that employees who believe that the organization provides career growth opportunities have higher commitment levels and are less likely to leave. Suppose an employee gets regular training and development. In that case, career enhancement, promotion, and skill development opportunities make them committed to their organization for a longer period and act as factors beneficial for individual and organizational growth. In addition, this can be the most effective method for retention. According to (Weng et al., 2010), an employee's career progression traits represent how supportive their management has been in acquiring career-oriented skills and increasing knowledge. Furthermore, it also reflects the employees' promotion and growth opportunities and compensation. They concluded that employees who receive career development opportunities are intrinsically engaged with their organizations, and are less likely to leave. Weng and

McElroy (2012) stated that an employee could develop their career if s/he gets timely promotion and growth, and has chance to explore their skills and personality in the job, which s/he feels would help boost efficiency in the job. Andrew and Saudah (2012) explained that a sufficient level of career development opportunities given by the management could engage employees with their work.

**H<sub>4</sub>:** Career development directly and positively influences employee retention.

#### *Quality of Behavior*

Alblas and Wijsman (2011) believe that employee's quality of behavior can be connected to emotional commitment. The level of dedication and spirit that employees have towards their organization depends upon the conduct of management. According to Bos-Nehles and Veenendaal (2019), the quality of behavior is defined as the position that one understands towards people, objects, events, or situations. It can be negative or positive, and it reflects how a person reacts and perceives a particular situation or thing. Stone (2014) explained that the employees who do not get much value and attention in their organization find it difficult to commit to their work and remain with the organization. Similarly, Eden and Shani (1982) found that a minor change in the behavior of managers results in a vast improvement of the behavioral patterns of low-performing employees, which in turn leads to enhanced organizational efficiency. It is the employee's responsibility to be punctual and calm and maintain kind behavior in work so that their manager would support every aspect of the job (Gronroos, 2007). Employee behavior is dependent on transparency of the relationship of the management and the employee. It may be defined as the reaction of employees towards the working environment. Sparks (1994) stated that employees should behave maturely to gain appreciation and recognition from supervisors and make a comfortable working environment. One needs to follow and work according to the workplace's rules and regulations. On the other hand, Gwinner et al. (1998) explained that managers need to communicate appropriately and effectively with their employees. Additionally, they emphasized that the management should communicate and behave appropriately with employees to attain better management-employee relationships.

**H<sub>5</sub>:** Quality of behavior directly and positively influences employee retention.

#### *Trust*

Li et al. (2018) revealed that employee performance relates to organizational commitment. It is the responsibility of both the management and the employee to show loyalty, confidence, trust, and transparency in new developments and innovations. The management-employee relationship could influence employees' perception and wellbeing. TSui and Wu (2005) stated that trust is related to employees loyal to the organization, those who are willing to develop a long-term relationship with the organization. It alludes to the fact that employees follow the organizational policies, procedures, and strategies to accomplish the larger goals and objectives of the organization (TSui & Wu, 2005). While the management expects the employees to give their required contributions to their work by demonstrating organizational commitment, high performance, employee engagement, etc., the employees also expect the management to provide them with a positive workplace environment and healthy management-employee relationship, coupled with rewards and incentives for their wellbeing. The essential thing for building trust is effective internal communication between employers and employees (Vercic, 2019). Many research studies have shown that the benefits of

effective communication include engagement of employee, commitment, reduced absenteeism, increased altruism (helping behavior), increased levels of innovative ideas, higher quality of services and products, reduction in costs, and individual and organizational success (Mishra et al., 2014; Neto et al., 2018).

**H<sub>6</sub>:** Trust directly and positively influences employee retention.

#### *Top Management Vision and Mission*

According to Papulova (2014), there is a need to explore and implement vision and mission statements properly in an organization, as that goes on to determine the purpose, objectives and the goals. It is done by maintaining a positive relationship between the management and the employee. Further, Kokemuller and Media (2015) stated that the top management's vision and mission is a type of strategic policy that helps employees and management achieve the larger organizational aims and objectives. He further explained that vision and mission statements guide employees to the right path to accomplish the goal. The vision describes what and where an organization needs to be and the status it is willing to achieve in the future to fulfill its larger organizational objectives. Ozdem (2011) stated that a strong vision helps with future forecasting by helping the HR planning, effective use of resources available, implementation of advanced techniques and technologies, and conducting market analysis of both demand and supply.

On the other hand, the mission is the rationale for being an organization per se, especially in its growing phase, as Powers (2012) explained. Essentially, an organization develops strategies and plans to take decisions from available alternatives. The mission statement performs the role of a guardian. In other words, a mission statement looks to develop and identify the factors responsible for the success of the organization at large, vis-a-vis its area of production concerning goods and services, which effectively differentiates it from its rivals (Aktan, 2003).

**H<sub>7</sub>:** Top management's vision and mission are directly and positively related to employee retention.

#### *Socio-Economic Policy*

According to Peng and Li (2014), employees will be motivated and retained by providing family care facilities, sanitization, and ventilation facilities in the working area, good health care facilities, education, facilities to the children, work-life balance, and good organizational behavior among the workgroups. McDonnell (2012) stated that the responsibility is on HR managers to take care of the organizational welfare policies that include employees' personal and family care responsibilities, which would effectively motivate them to perform at an optimal level. Additionally, the researcher noted that the management needs to mark the areas that need improvement, and thereby for effective strategies and policies, all with the single aim to motivate and encourage its employees, which in turn go on to contribute to increasing organizational productivity and social responsibility. However, according to Bristol and Tisdell (2010), socio-economic growth policies and strategies tend to expand durability before HR managers. Typically, organizations adopt socio-economic policies to increase employee wellbeing that encompasses training and development, infrastructural advancements and technological up-gradation, work-life balance, effective compensation, and effective performance appraisal system, which in turn go on to help the organization in increasing its efficiency and employee engagement (Das, 2004).

**H<sub>8</sub>:** Socio-economic policy directly and positively influences employee retention.

## *Gender Equality*

Pradhan et al. (2016) stated that gender inequality negatively impacts the psychological well-being of both females and males, directly affecting employees' job satisfaction level. A survey conducted by Fairygodboss (2015) explored that if there is no gender discrimination in the organization, it leads to higher level of job satisfaction, which in turn results in the retention of employees. This way, employees can perform their work with complete dedication and enthusiasm. Further, McKinsey (2018) explained that gender equality is positively interrelated with employee empowerment, organizational performance, engagement, commitment, decision-making, innovation, and talented retention. Moreover, he added that managerial diversity is required to stop the misuse of discrimination and raise awareness among employees to treat each other equally in every aspect (McKinsey, 2018).

**H<sub>9</sub>:** Gender equality directly and positively influences employee retention.

As an extension of previous studies, this paper will point out the gap and examine how employee retention is influenced. Vineet et al. (2013) revealed that the strong management-employee relationship would be beneficial for the organization to keep their workforce for the longer term. To accomplish the goals and objectives, management must develop team spirit and leadership qualities (Anastasiou & Garametsi, 2020). Career growth opportunities are essential for an individual's development by providing training and development, skill enhancement opportunities, on-the-job training, etc. (Kohlmeyer et al. (2017).

Furthermore, previous studies (e.g., Bangwal & Tiwari, 2018) found a strong relationship between workplace environment and intention to stay. Employees who get a proper and comfortable working environment are less likely to leave the organization (Zhu et al., 2012). Apart from this, to increase employee retention, management should also develop trust (Vercic, 2019) between employers and employees with effectiveness and transparency in the internal communication, and also make them familiar with the vision and mission of the organization (Taiwo et al., 2016). Meanwhile, management should also appreciate and recognize the work done to their employees, showing good behavior by giving values and respect to them (Stone, 2014). In addition, Peng and Li (2014) stated that employers can also retain the quality employees by providing family and health care facilities, work-life balance, no gender discrimination, and job security (McKinsey, 2018).

From a managerial perspective, recruitment is not a problem, but retaining valuable employees is challenging for any firm. Any element that causes destruction can have an impact on retention. Unnecessary employee turnover also costs an organization needless expense (Limyothin & Trichun, 2012). The main objective of this study is to determine the various factors influencing employee retention and to measure employee retention in Indian firms to prevent the loss of competent employees by the organization, as this could have adverse effects on goals and productivity (Attiah & AbouDahab, 2017).

## **3. Research Methodology**

### *3.1. Measurement*

To fulfill the objectives, an empirical approach was taken. Data were collected by a self-administered questionnaire in order to determine various factors that influence employee retention. The survey questionnaire comprised of ten parts: demographic profile, management-employee relationship, leadership satisfaction, working environment, career development, quality of behavior, trust, top management vision and mission, socio-economic

policy, and gender equality. The first part consisted of demographic profile, such as gender, age, name of the organization, designation, marital status, educational qualifications, job level, and city. There were five items in the management-employee relationship and working environment, and four in leadership satisfaction, career development, quality of behavior, trust, top management vision and mission, socio-economic policy, and gender equality. All the items were examined by a 5-point Likert scale [(1) Strongly Disagree to (5) Strongly Agree].

### 3.2. Collection of Data

The survey questionnaires were distributed among employees working in Indian firms based on the random sampling method (RSM). From 132 survey questionnaires, ninety-eight responses were received and used for data analysis. The items were approved after confirming both validity and reliability of the questionnaire.

## 4. Data Analysis, Interpretation, and Results

### 4.1. Characteristics of Sample

The KMO and Bartlett's Test were used to know the perfectness of factor analysis (FA). Using SPSS, exploratory factor analysis (EFA) was conducted to know the validity of the survey questionnaire. The approximate value of Chi-square was 2.323E3 for 703 degrees of freedom (df), which was significant at a 0.00 level of significance. KMO = 0.708 was greater than 0.6. According to Kaiser (1970), if  $0 < \text{KMO} < 1$  If  $\text{KMO} > 0.6$ , data is adequate. Here, Kaiser-Meyer-Olkin (KMO) = 0.708, which indicates that data is adequate and we can proceed further.

**Table 1.** Kaiser-Meyer-Olkin (KMO) and Bartlett's Test

Kaiser-Meyer-Olkin	Measure of Sampling Adequacy.	.708
Bartlett's Test of Sphericity	Approx. Chi-Square	2.323E3
	df	703
	Sig.	.000

### 4.2. Structural Equation Modeling (SEM)

SEM is a multivariate method based on the hypothetical structural model to look at the arrangement of reliable relationships. It uses confirmatory factor analysis (CFA) and multiple regressions to distinguish between unobserved and observed variables. It has a two instrument estimation model intended to distinguish the connection among observed, latent, and structural models implied for the strength between latent variables (Doloi et al., 2011).

#### 4.2.1. Structural Model

A structural model for the questionnaire was developed with the help of AMOS 20. This model has seven hundred and three available degrees of freedom (df), because 38 observed variables were used in the model. The model is structurally identified, as the coefficients of the path calculated in the structural Model (Figure 1) were found significant at  $p = 0.00$ , confirming the validity of the construct.

A CFA was assessed to confirm the construct validity and reliability, including discriminant and convergent validity, by utilizing AMOS (Fornell & Larcker, 1981; Gerbing & Anderson, 1988; Ifinedo, 2006).

The structural model of the study was consisted of nine constructs, including management-employee relationship (MER), leadership satisfaction (LDS), working environment (WET), career development (CDT), quality of behavior (QBR), trust (TRT), top management vision and mission (TVM), socio-economic policy (SOP), and gender equality (GEY).

**Table 2.** Overall Reliability Statistics

Cronbach's Alpha	No. of items
.929	38

The value in Table 2 was calculated to know the reliability of the scale used to measure the items, calculated by Cronbach's Alpha using SPSS. The reliability of the scale for each construct (MER, LDS, WET, CDT, QBR, TRT, TVM, SOP, and GEY) was acceptable. If the value of Cronbach's Alpha goes above 0.7, it is deemed as acceptable and treated as a good degree of reliability (Sekaran, 2003). As represented in Table 2, the value of Cronbach's Alpha for our study was 0.929, which effectively is above 0.7. Thus, the calculated values were acceptable and fit to be used for SEM in AMOS 20.

**Table 3.** Model Fit Table

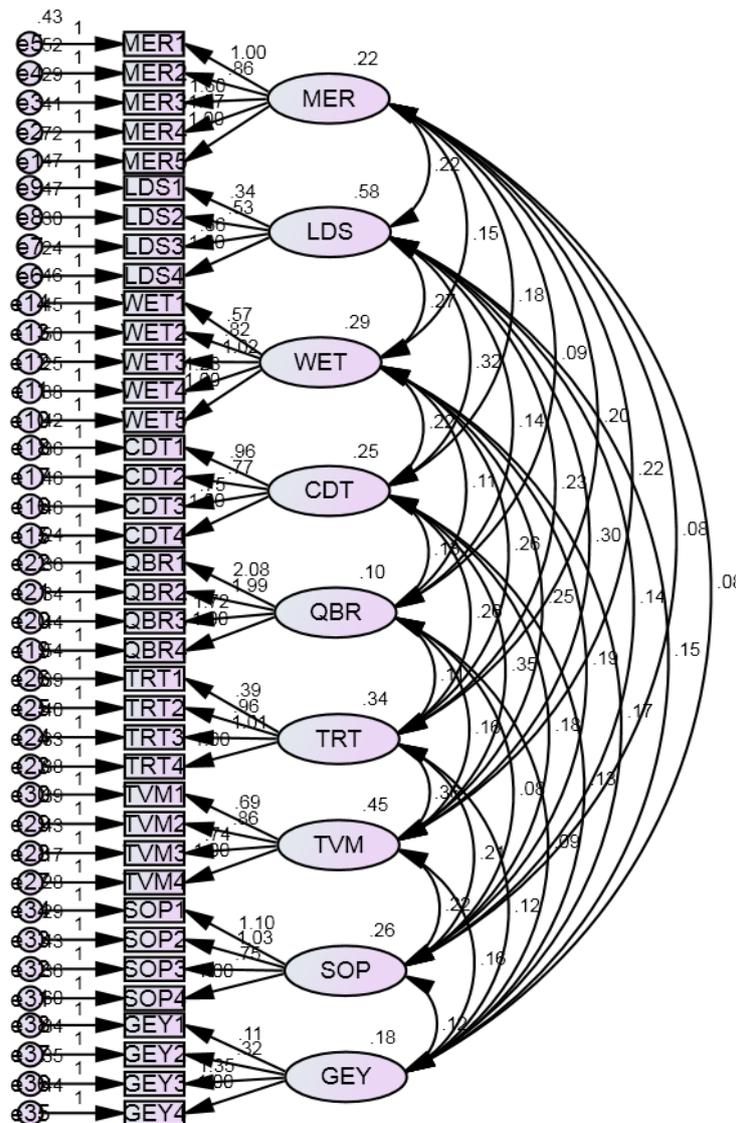
Model fit criterion	Value
$\chi^2/df$	2.460
CFI	0.911
GFI	0.943
RMSEA	0.076
NFI	0.901
TLI	0.961

The model fit indices such as (Chi-square/degree of freedom)  $\chi^2/df$ , CFI (comparative fit index), GFI (goodness of fit index), NFI (normal fit index), TLI (Tucker Lewis index) and RMSEA (Root mean square of error approximation) were chosen to evaluate the model fit (Hair et al., 2010). The acceptable values were  $\chi^2/df < 3$ , CFI, GFI, NFI and TLI  $> 0.9$ , and RMSEA  $< 0.08$  (Gefen & Straub, 2000).

The full structural model was finally tested using SEM. The goodness of fit for the model represented in Table 3 are adequate:  $\chi^2/df = 2.460$ , CFI = 0.911, GFI = 0.943, NFI = 0.901, TLI = 0.961 and RMSEA = 0.076. Therefore, the values indicated that the structural model is can be used to examine the hypotheses.

As Figure 1 shows, after hypotheses testing of the value of management-employee relationship, we found significant positive relationship between management and employee, which would encourage employee retention and supports the findings of Vineet et al. (2013); thereby, our first hypothesis was supported. For the second hypothesis, which was on the relationship between leadership satisfaction and employee retention, we also found significance, indicating that leadership satisfaction (Laura et al., 2019) is significantly and positively related to employee retention. In the third hypothesis, the findings of Pratama and Tentang (2015) and Shivanjali et al. (2020) support the working environment which significantly and positively influences employee retention. In the fourth hypothesis, we found that career growth opportunities positively influence employee retention, which leads Kohlmeyer et al. (2017) to the fact that employees are always concerned about their career growth opportunities. In the fifth hypothesis between quality of behavior and employee

retention, the findings of Osborne and Hammoud (2017) also supports a strong and positive influence on employee retention. In the sixth hypothesis, which is on the relationship between trust and employee retention, we also found a strong and positive impact (Vercic, 2019). With regard to the seventh hypothesis, we found that top management vision and mission significantly influences employee retention. The result of this study is consistent with the findings of Taiwo et al. (2016) and Papulova (2014), which maintain that an organization’s mission and vision should be clear to employees and management to accomplish organizational goals jointly. In the eighth hypothesis, related to socio-economic policy (Giri, 2019; Kim et al., 2020) and employee retention, we found significant and positive effective factors. This alludes to the fact that welfare programs, healthcare facilities, and work life balance should be implemented effectively in the organization. Concerning the ninth hypothesis, we came to the conclusion that gender equality significantly and positively influences employee retention. To support this finding, we might refer to the recommendation of Ruohan and Xueyu (2016), which suggests that employer and/or the supervisor should not discriminate any employee based on age, caste, creed, gender, or ethnicity.



**Figure 1. Structural Model**  
 Source: Constructed using IBM AMOS 20

**Table 4.** Significance Level

S. No.	Hypothesis	Standardized estimates	Accepted/rejected	Significance level
1.	H <sub>1</sub> : Management – employee relationship directly and positively influence employee retention	0.22	Accepted	***
2.	H <sub>2</sub> : Leadership satisfaction directly and positively influences employee retention	0.58	Accepted	***
3.	H <sub>3</sub> : Work environment both directly and positively influences employee retention	0.29	Accepted	***
4.	H <sub>4</sub> : Career development directly and positively influences employee retention	0.25	Accepted	***
5.	H <sub>5</sub> : Quality of behavior directly and positively influences employee retention	0.10	Accepted	***
6.	H <sub>6</sub> : Trust directly and positively influences employee retention	0.34	Accepted	***
7.	H <sub>7</sub> : Top management's vision and mission are directly and positively related to employee retention	0.45	Accepted	***
8.	H <sub>8</sub> : Socio-economic policy directly and positively influences employee retention	0.26	Accepted	***
9.	H <sub>9</sub> : Gender Equality directly and positively influences employee retention	0.18	Accepted	***

As Table 4 illustrates, we note that all the hypotheses have been accepted at 0.00 significance level. All factors (i.e., MER, LDS, WET, CDT, QBR, TRT, TVM, SOP, and GEY) directly and positively influence employee retention. In other words, this means that better strategies and policies concerning these factors should be developed to make the working environment more comfortable.

## 5. Discussion and Conclusion

The results confirm that leadership plays possibly the most effective role in employee commitment and engagement which supports the findings of (Anastasiou & Garametsi, 2020) which would encourage employees to dedicate themselves totally to their work and remain in the organization. The most extraordinary leadership spirit is to work as a team with role clarity to achieve the goal and productivity of the organization. Furthermore, we also note that

to achieve the organizational goals and objectives in a proper manner, the vision and mission policies of the organization should be clear to both employees and the management. According to Kokemuller and Media (2015), the top management's vision and mission is a type of strategic policy that helps employees and management achieve organizational productivity.

This study also supports the conclusion of Men and Jiang (2016) that employee performance is positively related to employee commitment. Both employee trust and loyalty make a healthy environment, mainly if it develops between employee-management and employee-employee. Li et al. (2018) explained that it is the responsibility of both managers and employees to show loyalty, confidence, faith, and transparency in new developments and innovation. Our study shows that 'trust' is one of the main factors that play a crucial role in constructing professional relationships in an organization. Employee performance may be reduced when they do not feel safe and comfortable at the workplace. If an environment is created and managed where employees experience a high level of trust, value, and respect, a good working environment will be achieved that would induce less stress and more commitment. These will in turn would enhance employee retention in the organization. The result is also consistent with the findings of Vercic (2019).

Moreover, according to Pratama and Tentang (2015), the working environment also is an important factor effective on employee retention. To improve employee performance, the leadership and management of an organization need to take care of the physical workplace. Additionally, they also need to provide proper psychological and social support for the employees to feel more at home. We all know that every employee wants maximum growth in their career. However, an employee can only develop their career if s/he gets timely promotion and growth, a chance to explore their skills and personality, and the opportunity to take part in T&D initiatives to enhance their efficiency of the job (Weng & McElroy, 2012).

According to Chuanyu et al. (2018), organizations need to develop a healthy relationship between employees and management, including employees' involvement in decision-making processes, effective communication, employee empowerment, etc. Based on the results we obtained, we affirm that the management-employee relationship does play a crucial role in employee retention. Additionally, we also suggest that HR managers need to communicate effectively and easily with the employees to create a problem-solving approach while enhancing the decision-making skills of employees, which in turn would boost their careers, resulting in employee retention.

The findings also suggest that employees should be punctual and calm and should maintain good behavior at the workplace; they should also ensure that the respective reporting manager supports them in every aspect of the job (Pratama & Tentang, 2015). Both employees and managers should build confidence in each other, while creating transparency in communication, so that they both can jointly form a pleasant working environment.

Furthermore, based on the results of our study, we can also confirm that the socio-economic policy (Peng & Li, 2014) is also greatly responsible for employee retention, such that overall work culture would be developed by providing good health care facilities, education facilities to employees' children, sanitization and ventilation facilities in the working area, compensation for overtime work, family care, work life balance, etc. Importantly, all of these should be implemented properly to boost the overall socio-economic culture (Peng & Li, 2014). Additionally, gender equality is also one of the most important factors that directly influences retention. Therefore, it is the responsibility of the management to equally treat all the employees, regardless of their age, gender, caste, creed, and ethnicity (McKinsey, 2018).

### 5.1. Comparative Analysis

**Table 5.** Showing Comparison Between Previous Studies and the Present Study

Factors	Previous studies (Author and year)	Present study
Management-employee relationship	Frey et al. (2013), Oluchi (2013), Naharuddin & Sadegi (2013), Men & Jiang (2016), Osborne & Hammoud (2017), Chaubey et al. (2017), Chuanyu et al. (2018), Anastasiou & Garametsi (2020),	This study aims to find out the effect of management-employee relationship, leadership satisfaction, work environment, career development, quality of behavior, top management vision and mission, trust, socio-economic policy, and gender equality on the retention of employees. This study will be helpful for employers in designing and implementing proper human resource strategies and policies to retain valuable and quality employees. With appropriate and effective strategies, an employee can also maintain a proper work-life balance.
Leadership satisfaction	Kozlowski & Bell (2003), Christian et al. (2011), Saks & Gruman (2014), Sudhakaran & Senthil kumar (2019), Laura et al. (2019), Anastasiou & Garametsi (2020)	
Work environment	Shivanjali et al. (2020), Naharuddin & Sadegi (2013), Chaubey et al. (2017), Chuanyu et al. (2018), Bangwal & Tiwari (2018)	
Career development	Andrew & Saudah (2012), Weng & McElroy (2012), Kohlmeyer et al. (2017)	
Quality of behavior	William (2010), Frey et al. (2013), Beatson et al. (2008), Osborne & Hammoud (2017), Bos-Nehles & Veenendaal (2019)	
Top management vision and mission	Papulova (2014), Kokemuller and Media (2015), Taiwo et al. (2016),	
Trust	Mishra et al. (2014), Laura et al. (2019), Neto et al. (2018), Vercic (2019).	
Socio-economic policy	Lee & Way's (2010), Malone & Raja, (2015), Sudhakaran & Senthil kumar (2019), Giri (2019), Kim et al. (2020)	
Gender equality	Vineet et al. (2013), Ruohan & Xueyu (2016), Kohlmeyer et al. (2017)	

The analyses and results show that the management should understand and make strategies and policies as per the needs and requirements of the employees. Overall, an organization is a team effort; both management and employee should contribute their effort as a team. The findings of Bos-Nehles and Veenendaal (2019) also show that the behavior towards the employees should be better for effective and transparent management and employee relationship. Management must make an effective communicative environment so that the employees can approach executives easily in any circumstances. One of the most effective factors shown by this study is gender equality (McKinsey, 2018), which encourages managers to treat employees equally in every aspect. Employees should also behave positively and politely with their co-workers of any age, gender, caste, creed, and ethnicity. The two-way process takes place in the organization from both management and employees sides alike: if an employee gets proper opportunities to explore himself and develop his skills by the various training programs, s/he will automatically increase their efficiency in the work. This in turn will help the organization to achieve its goals, which in turn can encourage employees to remain in the organization (Mishra et al., 2014).

Alblas and Wijsman (2011) support the results and recommend organizations to develop a healthy working environment and proper work-life balance, which will encourage employees to remain loyal. To this end, they should follow some of our findings to the hilt. A well-

established organizational culture is much needed, especially in the Indian organizations, to enhance employee retention prospects. Employees choose to remain in their organization for longer if they find respect, along with value and appreciation of their work. According to Bristol and Tisdell (2010), organizations should make their employees committed and engaged by designing jobs according to their skills, giving opportunities to enhance their skills, and making useful welfare policies. As every employee comes into an organization for some needs and growth, they expect to be given a well-established work culture to explore and flourish. Importantly, employees are only willing to serve in an organization for long. They see and feel that the management and top leadership are committed and concerned for their career growth.

### *5.2. Implications of the Research*

Being an effective and empathetic manager from the view of employees may ensure a satisfied and committed workforce that may subsequently improve overall productivity and growth. Moreover, managers should initiate two-way communication with the employee to understand employee concerns and thus design and implement effective and appropriate HR policies. To relieve work-related pressure and stress, managers should balance the workload among employees instead of pursuing the tendency to over-burden a small number of employees. The findings will encourage HR managers to recognize the importance of employee engagement and commitment and keeping them dedicated to their work.

Effective and efficient training and development methods as well as career growth and development opportunities that enhance expertise and meet employee needs (including online training) would be beneficial. The study findings reveal that monotonous tasks drive employee withdrawal intention; therefore, job rotation might provide the opportunity to gain new experience and enhance retention. Employers have to maintain a comfortable working environment, encourage employees to work as a team, recognize and appreciate the work done by the employees, maintain transparency in the communication, and regularly monitor the internal work environment so that no one will face any type of discrimination and bias on any ground. Management should focus more on health and safety measures at work as an essential element for retention. This will enhance the faith and relationship between management and employee and will lead to an increase in the productivity and growth of both individuals and organizations.

### *5.3. Limitations and Future Scope of the Research*

This research has some limitations. First, the sample size should have been more to increase the scope of generalizability. Secondly, variables such as organizational commitment, employee engagement, and performance management could possibly be used in the future depending on the area. More HR practices may be implemented for the welfare of employees as well as organization.

As we know, employees' needs, demands, and requirements differ based on culture, religion, region, and economy. Therefore, further studies can be done with a large number of samples in different sectors and regions. In addition, more studies should focus on making better policies and strategies to retain the quality and valuable workforce. Data should be collected from every level of employees working in the organization.

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## Appendix

## Rotated Component Matrix

	Component											
	1	2	3	4	5	6	7	8	9	10	11	12
MER1	.238	-.052	.118	.400	.619	.196	-.071	.132	-.117	-.108	.053	-.012
MER2	-.118	.085	.145	.010	.802	.033	.079	-.003	.179	.273	-.018	.119
MER3	.384	.256	-.054	.064	.629	.066	.146	.150	-.020	-.054	.093	.304
MER4	.349	-.107	-.098	.177	.306	.191	.144	.306	.116	-.047	-.025	.477
MER5	.167	.486	.049	.222	.184	.169	.099	.491	-.161	-.006	.259	-.127
LDS1	.051	.146	.009	.087	.108	.127	.144	.125	.035	.098	-.049	.801
LDS2	-.154	.822	.130	.038	.021	.138	-.031	.065	.042	.055	.012	.137
LDS3	.274	.549	-.180	.066	.327	.256	.089	-.279	.285	-.004	.032	.014
LDS4	.428	.650	.083	.288	-.010	.192	.258	-.064	.027	.032	.101	.027
WET1	-.040	.378	-.098	.383	.311	-.013	.012	.291	.387	.359	.189	-.036
WET2	.020	.113	.076	.743	.089	.277	.045	.036	.156	.010	-.197	.318
WET3	.084	.136	.138	.234	.038	.431	.372	-.054	.366	.267	.122	-.012
WET4	.172	.138	.377	.156	.161	.648	.101	-.017	.050	.247	-.057	.121
WET5	.105	.269	.102	.043	.029	.751	.033	.262	-.035	.120	-.008	.175
CDT1	.329	.151	.075	.700	.180	-.048	.355	-.021	.174	.027	-.027	-.059
CDT2	.219	.463	.202	-.217	.153	-.001	.041	.194	.557	-.126	.016	.129
CDT3	.266	.032	.013	.113	-.003	.028	.852	-.003	.070	.178	.104	.220
CDT4	.081	.043	.178	.170	.169	.404	.642	.305	.026	1.790E-5	-.076	.086
QBR1	.709	-.067	.131	.196	.259	.230	.109	-.042	.206	.120	-.056	.011
QBR2	.749	.115	.108	.092	-.029	.078	.278	.123	.205	.064	.023	.119
QBR3	.365	.032	.125	.474	.156	.162	.146	.007	.002	.368	.286	.221
QBR4	.128	.095	.383	.242	.278	-.008	-.110	-.191	.345	.138	-.273	-.035
TRT1	-.010	-.152	.076	.007	-.011	-.009	.030	.757	.151	.090	.150	.203
TRT2	.019	.270	.291	-.005	.175	.270	.175	.650	-.022	-.010	-.078	.155
TRT3	.314	.196	.332	.175	.109	.375	.239	.043	-.008	-.073	-.405	.286
TRT4	.222	-.065	.295	.082	.438	.434	.270	.052	.259	.029	-.297	.026
TVM1	.076	.321	.163	.315	.410	-.070	.310	.240	.108	-.011	-.325	-.056
TVM2	.328	.092	.322	.444	.119	.081	.021	.257	.513	.151	-.195	-.021
TVM3	.287	.219	.019	.017	.059	.391	.234	.472	.271	-.072	-.258	-.242
TVM4	.375	.227	.188	.029	.242	.071	.534	.366	.210	.182	-.168	.037
SOP1	.121	.040	.771	.124	.020	.082	-.121	.304	.176	.052	.032	-.033
SOP2	.089	.076	.746	-.049	.166	.198	.312	.201	-.014	-.111	.101	-.057
SOP3	.282	-.054	.161	.223	.036	.058	.155	.079	.741	.117	.169	.063
SOP4	-.028	.060	.619	.097	.015	.248	.195	-.205	.209	.319	.165	.114
GEY1	.097	.052	.125	-.126	.040	-.066	-.004	.068	.028	.011	.809	-.064
GEY2	-.223	.310	.034	.250	-.050	.032	.136	.071	.382	-.103	.565	.063
GEY3	.336	.143	.321	.260	.018	-.122	.054	.004	.018	.627	-.083	.288
GEY4	.011	-.050	-.022	-.063	.092	.271	.141	.079	.068	.864	-.023	-.033

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 17 iterations.