

# Impact Of Employee Satisfaction On Talent Retention In Private Colleges Of India: An Empirical Analysis

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**Abstract:** Talent Retention is the ability of an organization to retain its employees. The shortage of academic staffs and the inability of private colleges to retain its employees have become a crucial factor for changing potentials of learning and knowledge formation. There is tough competition in the market with all round development in every area of the economy and with this competition and development; managing and retaining employees have become a big challenge. Retaining and securing talented and skilled academicians plays an important role in any private college. A professor's skill and knowledge help to make a college a better place for education and research. Besides, constant employee satisfaction is another challenge faced by the academicians today. This paper studies the various literature review and research work on the impact of employee satisfaction on talent retention in private colleges of India keeping in mind the importance of the issue and how it affects the organizational performance. This paper also tries to build a model on Employee Retention by the help of primary research. Here, One-Sample T test and Multiple Regression Analysis were used to analyse collected primary data and create a research model.

**Keywords:** Talent retention, Employee Satisfaction, Organizational Performance, Private Colleges

## 1. INTRODUCTION

To focus on learning, teaching and research effectively, colleges need adequate qualified and motivated academic staff to work effectively. The essence of any institution is its ability to attract and sustain first class academic staff. Employee retention is a concept of encouraging employees to remain in the organization for a long and maximum period. It is directly proportional to the long-term growth and success of the system. Retention of employees depends majorly on customer satisfaction, organizational performance in terms of satisfied colleagues, increased sales and effective performance of the business (Zineldin, 2006)<sup>14</sup>. Customer satisfaction in organizations can be improved by employees who are satisfied, happy and are dedicated towards their jobs and puts efforts for further improvement (Denton, 2000)<sup>5</sup>. Today's organizations put extra effort in retaining its valuable and skilled employees as it is getting difficult to find one and sustaining and managing them has become a challenge for most organizations. Holding back the dynamic employees and keeping them dedicated and motivated towards their job is a vital issue (Cutler, 2001)<sup>3</sup>. Employees who are sustained in the organization are important rather than new employees who are hired and that is the reason which lays It is a tangible way of showing the company's level of care for its employees (Davis, et al., 2001)<sup>4</sup>. Compensation acts as a motivator and a technique of retaining employees within the organization (Gardner & Dyne, 2004)<sup>6</sup>.

why people stay and why people leave the system. This paper studies the impact of employee satisfaction on talent retention in private colleges in India.

## 2. REVIEW OF LITERATURE

Employee Retention is the retention of employees in their present workplace and is encouraged to remain in the organization for a longer period. An organization survives and performs well because of its workforce strength and it is a mandatory requirement to retain these workforces. Thus, this literature review mainly focuses on certain factors (compensation, rewards and recognition, promotion and growth opportunities, work life balance and job security) which leads to employee satisfaction and helps them to retain in the organization and thereby improving the overall performance of the business. Compensation is defined as the sum of financial and non-financial remuneration offered to employees for the provision of their valuable services. It constitutes wages or salaries, bonuses, incentives and other fringe benefits like holidays, health- insurance and company-vehicles. When a company provides proper compensation to employees it shows their level of commitment towards them (Trevor & Gerhart, 1997)<sup>12</sup>.

This in turn provides employee satisfaction and encourages them to retain in the system for a long time, increase work commitment, increase employee performance which in turn improves the organizational performance (Milkovich & Newman, 2004)<sup>9</sup>. Organizations offer rewards to its employees for their good work and performance (Agarwal, 1998)<sup>2</sup>. Rewards are achieved because of recognition from bosses, colleagues, customers and business clients (Walker, 2001)<sup>13</sup>. Recognition is essential for employees as they prefer to know that their work is appreciated and recognized. This creates a positive impression among employees, which in turn leads them to value the organization and retain in the system. This helps to improve employee performance which further improves the organizational performance (Silbert, 2005)<sup>11</sup>. There is a close relation between promotion and employee satisfaction which further leads to employee retention within the

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organization (Pergamit & Veum, 1989)<sup>10</sup>. When an organization gives scope for growth and promotion employees tend to retain in the organization. Employee remains dedicated to their work which helps them to improve their performance and thereby increasing the performance of the organization. Work Life Balance creates and maintains supportive and healthy environment for employees. It enables them to maintain a balance between work and family responsibilities. It helps employees to manage their work and family life in a better way. It strengthens an employee's loyalty and productivity towards the organization. Organizations believe that if work life conflicts of employees are taken care then it can help in the retention of the talent (Groover & Crocker, 1995)<sup>7</sup>. The need for enhanced use of Work Life Balance options like job-sharing, flexible timing, breaks from work, helps an employee to feel that the organization is facilitating their coordination of family and professional life. Provision for leave facilities both, with and without pay for family emergencies, child care, for female employees helps to create a work environment which is free of aggravation and inequity must also be incorporated (Janki, 2009)<sup>8</sup>. This encourages employees to retain in the organization, perform better and improve the organizational performance. Employment features like lifetime employment, seniority system, job- security leads to job satisfaction, high commitment towards work and retention of employees in the organization (Abegglen, 1958)<sup>1</sup>. This motivates employees to work better, improve work performance and improve organizational performance as well.

### 3. HYPOTHESES AND RESEARCH MODEL

H1: Employees have neutral opinions regarding the significant impact of Employee Satisfaction on Talent Retention.

H2: 'Compensation' has significant positive impact on 'Talent Retention' in Private Colleges of India.

H3: 'Reward and Recognition' has significant positive impact on 'Talent Retention' in Private Colleges of India.

H4: 'Promotion and Growth Opportunities' has significant positive impact on 'Talent Retention' in Private Colleges of India.

H5: 'Work-life Balance' has significant positive impact on 'Talent Retention' in Private Colleges of India.

H6: 'Job- Security' has significant positive impact on 'Talent Retention' in Private Colleges of India.

### 4. RESEARCH METHODOLOGY

In this research study, Primary data were collected from the respondents of selected private colleges of India by the help of structure questionnaire (5 Point Likert Scale: Strongly Agree-5 to Strongly Disagree-1). Two stage convenience sampling was chosen for this study. In the first stage, we selected different private colleges through convenience sampling method and 300 employees-responses were collected from those colleges with same method. We executed our survey from August, 2019 to November, 2019. Here, secondary data contain different academic work and other published sources available in the form of books, journals, internet, etc. Depending on the requirements, One-Sample T test and Multiple Regression Analysis by SPSS-23 software were used to analyze the data in this study.

### 5. DATA ANALYSIS AND RESEARCH FINDINGS

There is a good reliability statistics (Cronbach's Alpha-.859) between different variables with 5-point scale. In this research face and content validity have been ensured. Here, face validity of the questionnaire has been ensured since it is determined by the judgment of the researcher and content validity was determined by taking opinion from experts from related field. First of all, first hypothesis (H1) was tested by One-Sample T Test with test value 3 (Neutral).

impact of Job-Security is present on Talent Retention.				
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Since P-values are less than 0.01 (Table 1), first hypothesis is rejected at 1% level of significance. Hence it can be concluded that employees have not neutral opinions regarding the significant impact of Employee Satisfaction on Talent Retention. Based on the mean score, we can understand that their opinions were inclined towards agree (4) to strongly agree (5) dimension. Also, we checked 'Variance Inflation Factor' (VIF) which proved that independent factors were totally free from Multi-co-linearity error (Table: 2).

**Table 1: One-Sample T Test (Test Value =3)**

Employees have neutral opinions regarding the following parameters				
	Mean	Std. Deviation	t-Value	P-Value
If any significant impact of Compensation is present on Talent Retention.	3.83	0.786	24.83	<.01*
If any significant impact of Reward and Recognition is present on Talent Retention.	3.71	0.867	22.46	<.01*
If any significant impact of Promotion and Growth Opportunities is present on Talent Retention.	4.10	0.723	26.04	<.01*
If any significant impact of Work-life Balance is present on Talent Retention.	3.98	0.837	20.12	<.01*
If any significant	3.82	0.769	17.65	<.01*

**Table 2: Co-linearity Statistics**

'Employee Retention' as dependent factor (Tolerable Range: VIF < 3)		
	Tolerance	VIF
Reward and Recognition	.640	1.561
Compensation	.624	1.603
Promotion and Growth Opportunities	.523	1.913
Work Life Balance	.848	1.179

Job Security	.665	1.503
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For testing rest of the hypotheses, we executed multiple regression analysis. This analysis checked the relative impact of independent factors related to employee satisfaction on the dependent factor (employee retention). In this study, R-Value (0.902) and R-Square Value (0.813) were significantly high (Table 3) which facilitates independent factors to elucidate dependent factor in a proper way.

**Table 3: Regression Analysis (Model Summary)**

R (Model-1)	R Square	Adjusted R Square	F-Value	Sig.
.902 <sup>a</sup>	.813	.810	255.909	<.01

a. Dependent Variable: Employee Retention

b. Predictors: (Constant), Job Security, Work Life Balance, Compensation, Reward and Recognition, Promotion and Growth Opportunities

Here, we checked Unstandardized Regression Coefficients along with their level of significance for testing hypothesis as depicted in the following table (Table 4).

**Table 4: Regression Coefficients (for Hypothesis Testing)**

Model-1	Un-standardized Coefficients		t-Value	Sig. (P-Value)	Hypothesis
	B	Std. Error			
(Constant)	-1.249	.171	-7.289	<.01 <sup>£</sup>	
Reward and Recognition	.158	.032	4.852	<.01 <sup>£</sup>	H3 (A)

## 6. MANAGERIAL IMPLICATION

In the current and competitive global environment, organizations are continuously triggered by economic and social developments which consequently pressure the employees within the organization. On one hand, organizations lack talented workers while on the other hand organizations experiences strong human resource team who can recruit skilled employees all over again. This has potentially created a disbalance to the organization and forced them to consider employees as an important asset who needs to be retained and protected within the organization. Organizations have identified some factors (compensation, rewards and recognition, promotion and growth opportunities, work life balance and job security) to study the impact of employee satisfaction on talent retention. From the industrial point of view, retaining employees will not only boost the organizational competitiveness but will reduce the company cost of recruiting employees again and reduce operational interruptions. Company will not loose a skilled and talented employee and there will not be in disruptions at work. From the societal point of view, employees would be encouraged to work in such organizations where they will get a suitable compensation, will get opportunities for being be rewarded and recognized for their work, scope for promotion and better opportunities, will be able to balance both home and office and have a secured job.

	.212	.032	6.666	<.01 <sup>£</sup>	H2 (A)
Compensation	.212	.032	6.666	<.01 <sup>£</sup>	H2 (A)
Promotion and Growth Opportunities	.472	.040	11.828	<.01 <sup>£</sup>	H4 (A)
Work Life Balance	.278	.038	7.283	<.01 <sup>£</sup>	H5 (A)
Job Security	.189	.025	7.681	<.01 <sup>£</sup>	H6 (A)

Note: Dependent Variable: Employee Retention

£ indicates 1% significance level

(A)- indicates 'Hypothesis is accepted'

Therefore, Model-Regression-Equation can be written as follows.

'Employee Retention' = (-1.249) + 0.158\*(Reward and Recognition) + 0.212\*(Compensation) + 0.472\*(Promotion and Growth Opportunities) + 0.278\*(Work Life Balance) + 0.189\*(Job Security)

So, all hypotheses were supported by the above Regression Equation. Despite the fact, that a company may bring about all these factors to retain an employee, an employee may still decide to switch to a different workplace because of bad management thus the ability to manage the employee is major criteria for a company. For an effective human resource system, interlinked processes like motivational process, visioning process, interaction process and learning process should be implemented. Hiring fresh new people in the company is difficult, time-consuming and costlier than sustaining the existing ones. Efforts are given to retain the best and skilled workers irrespective of their age (Baker, 2012)<sup>3</sup>.

## 7. CONCLUSION

Employee Retention is one of the most critical issues faced by organizational managers because of shortage of skilled workers, economic growth and high employee turnover. Once an organization has captured skilled employees, company needs to retain them. Employees are more likely to remain within the organization only if they believe that the organization shows more interest and concern from them, if they know what is expected from them, if they are given a role that fits their capabilities and if they receive positive feedback and recognition. An appropriate understanding of employees' expectations is a critical issue in higher education institutions and provides the ability to retain academic employees. Employee retention also benefits the organization by reducing the hassle of employee turnover, increases overall productivity, reduces unnecessary cost and helps to attain higher profit, better customer experience, reduces induction and training time and improves job satisfaction among employees which further improves the organizational performance.

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