

Motivation-A Catalyst to Employee Retention

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Abstract: Employee Retention plays a predominant role in the field of Human Resource Management. This paper provides a synthesis of how employee motivation affects employee retention and other behaviours within organization. Though the ethics in corporate is on continuous rise, elite studies show that there is a good rapport between motivation and employee retention. The researcher's hypotheses is tested which is collected from 300 employees in 2 private sector banks in Chennai region, India. The results indicate that employee retention and motivation are intervening processes that connect corporate ethics on retention of the employees. The findings of the survey has been presented and discussed in detail. The paper also discusses motivation as a tool to retain employees besides offering suggestions and recommendations for overcoming the present impasse faced by the banking sector. The retention rate can reach the pinnacle only when the management chooses the right strategy to hold back the employees.

Key words: Employee retention • Motivation • Organization • Advancement

INTRODUCTION

In a developing economy, it is innate for people at all levels to hanker around in building a career. The passion to change jobs is convinced by employee's ambition, professional, economic and social aspirations. Yesteryear, organisation raised at a steady and stable pace, employees viewed career growth in the organisation they worked in and adhered to them. Whereas in the present global scenario, versatile factor stays behind an employee's decision to leave a job. While employees depart from a job it is considered as labour turnover by the organisation. But then it is considered as talent acquisition by the new organisation to which the employee moves. Earlier research highlighted that a motivated employee is more likely to stay on longer with the organisation than a demotivated employee [1]. The study identifies how motivation acts as a key character for employee retention [2, 3] briefs about the evolution of an organization and the relationship between employees. It is statistically proved that the lack of motivation is considered as one of the major factor that bestows towards a high employee turnover [4]. On the other hand it is argued that organisation should attempt for a highly motivated workforce and increase its

retention rate through effective management practice. Employee motivation and retention is considered as a vital concern for organisations productivity and profitability [5-7] gives a statistical study of people suffering with pain in their neck and head. The present banking industry attempt to become more competitive while attention is being diverted to the epitome of management approach, employee retention and motivation. The basic principles of the study were based on the opinion of the private sector bank employees at Chennai region. It also outlines how the concept of motivation affects retention [8, 9] deals about the behaviour of the employees in an organization and [10, 11] explains the traits of a leader.

Earlier Studies on Employee Retention: To create a theoretical account for this study and to answer to the question "How motivation acts as one of the tool for employee retention?" It was significant as a researcher to critique the relevant literature related to this study. To heighten the employee's retention rate the management need to ascertain ways to motivate employees to take an interest in the organisation [12]. Studies have shown that 90% of today's managers think that employees leave organisation for "better opportunities or more money" and dismiss job turnover as

“an acceptable cost of doing business” [13] Whereas [14] opines in his study that all companies will have some percentage of turnover and the goal behind is to reduce the turnover and retain high performing employees who are considered as the top talent. Employee discontentment is described as another factor that impacts retention. There is growing workers dissatisfaction, mainly as an event of layoffs, lack of career growth and minimal pay increase in recent years. Factors that contribute to employee dissatisfaction include less or no support from management perspective, poor incentives scheme and autocratic leadership [15, 16] deals about the stress faced by the employees in the work atmosphere. In summary, the benefits of retention are many, “successful retention efforts can result in substantially good motivation level in an organisation”. [17] deals about the factors that would affect the attitude towards the usage of communication and information. Enhancing employees motivational level results costs reduction, ultimately increases shareholder profitability and results in overall maximisation of organisational growth and prosperity. It also results in increased customer satisfaction because long term employees are able to build relations with customers and the longer that employees stay with an organisation, the more their knowledge and experience help them to better serve the customers [18] explains the applications of various case study in research. The best retention efforts also results in happier employees, which helps an organisation to become an employer by choice [19, 20] studied about the quality of research methods used and the perception of professionals.

Research Methodology of the Study Undertaken: The population for the present study comprised the entry level and middle level officers employed in the private sector banks, functioning in Chennai. Since it was not possible to include all the elements of the population in the investigation, the study was conducted on a representative sample, having the salient feature of the population. The purport of the study was to identify whether motivation acts as a conducive factor in retaining the workforce or not. The outcome of this study will assist organisations in narrating how motivation plays a predominant role in employee retention. There were two major fundamental grounds for channelling this research:

- To ascertain how motivation regulates employee retention.
- To ascertain the homogeneity between motivation of employees and their confinement in the job.

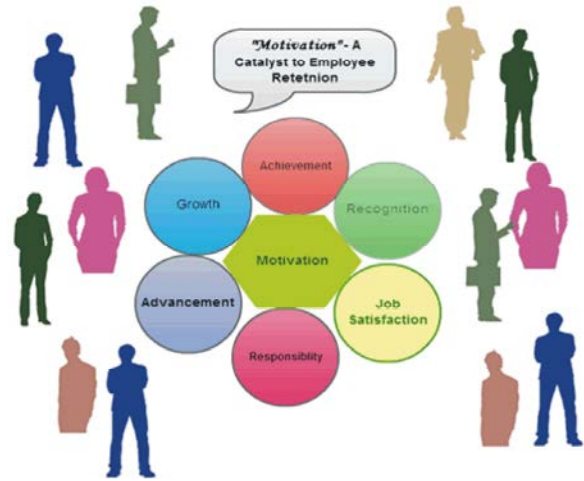


Fig. 1: Impact of Motivation in Employee Retention

Major Questions That Guided this Study Are:

- Research Question 1: Whether motivated employee have positive attitude towards retention?
- Research Question 2: How motivation acts as a retention tool?
- Research Question 3: Is motivation a paramount issue of concern for management?

The Sample and Validity of the Instruments: To select some of the elements with the intention of drawing out opinion of the employees (population) it is referred to such group of elements as sample. The instrument for the primary data (questionnaire) is indented to measure the opinion of the employees regarding the impact of motivation on employee retention. The authenticity of the study was determined with the use of Cronbach’s Alpha reliability test. It is described that Cronbach’s alpha of 0.8 or greater was an indication of good internal consistency for research work.

Analysis and Interpretation:

H₀: There is no substantial difference in the opinion of employees on retention where motivation acts as a tool in the banking industry.

In order to assess the effect of motivation on employee retention the employee were categorised into middle level officers and entry level officers based on their median scores. The table value was calculated to test the significance level. The mean scores between the two groups are presented in table 1 where the mean score for

Table 1: Differences between entry level and middle level officers (n=300)

Variable	Middle Level Group		
	N	Mean	SD
Overall opinion on Retention (Motivation as a tool in Banking Industry)	148	89.57	20.18
Variable	Entry Level Group		
	N	Mean	SD
Overall opinion on Retention (Motivation as a tool in Banking Industry)	152	75.22	21.34
t-value	20.87**		

Table 2: Mean, standard deviation, correlation, co-efficient alphas among the independent, mediating and dependent variables

Variables	X1	X2	X3	X4	X5	X6	X7	ER
X1	.83							
X2	.62**	.90						
X3	.48**	.51**	.94					
X4				.96				
X5	.74**	.56**	.43**	.68**	.82			
X6	.69**	.68**	.55**	.76**	.76**	.81		
X7	-.28**	-.37**	-.30**	-.38	-.35**	-.48**	.82	
X8	-.25	-.34**	-.28**	-.35**	-.30**	-.47	.70	NA
Mean	5.43	4.52	5.38	5.21	5.94	5.47	3.68	.399
SD	1.15	1.58	1.40	1.14	1.00	1.29	1.64	.198

middle level officers were 89.57 and for entry level officers were 75.22. This implies that middle level officers agrees that motivation acts as one of the strongest tool for retaining the workforce which has been statistically proven with a higher mean values of 89.57 and a lesser standard deviation value which is 20.18. Moving to the other group of sample respondents where they state that motivation doesn't act as a retention tool and statistically proved that mean value with 75.22 and a standard deviation of 21.34.

The difference between the two set of sample respondents was found to be 0.01 levels. Hence the null hypothesis is rejected and the alternative hypothesis is formed.

H₁: There is substantial difference in the opinion of employees on retention where motivation acts as a tool in the banking industry.

Statistical Description of the Sample Respondents: The selected sample had the following demographic characteristics: (1) 4% had been with the banking industry less than 0 to 3 years, 17% for 3 to 6 years, 24% for 6 to 10 years and 35% for more than 10 years. (2) 23% of the sample respondents were of age group between 20 to 30 years of age, 42% of them were in the age group of 31 to 40 years of age, 17% of the respondents were in the age group of 41 to 50 years of age and finally 18% of the sample respondents were in the age group of more than 51

years of age. Moving to the educational background of the sample respondents 3% of the sample respondents had doctorates, 31% with master's degree, 59% with university degree and 17% with professional degree. As these demographic factors (length of service, gender, age, responsibility level and educational level) may affect the relationships of interest, stepwise multiple regression analysis was used to determine their effects on intention to leave and turnover.

Where:

- X1: Employees satisfaction level from management
- X2: Management interest in motivating the employees
- X3: Employee satisfaction level regarding the incentives
- X4: Periodical hike in the salary
- X5: Available promotional opportunities
- X6: Perception of employee's on organisation support (boss/supervisor) higher is the retention rate.
- X7: Well motivated employees have positive attitude towards work
- X8: The perception of the employee's perception on incentives offered by the management higher is the retention rate

From table 2 (Refer annexure 1) the variable scores (*i.e* mean), standard deviation, correlation and coefficient alpha estimates of internal consistency are noted in table 2. The study variables had a good acceptable internal consistency which estimates the reliability and

demonstrates the factor structure is consistent with the content of each formed scale. The strong correlation among the five independent variables (r 's of 0.43 and higher) suggests that common method variance may detract from a clear interpretation of results. There exists a high correlation between the two dependent variables-motivation as a surgical tool for retention and employee perception of the employees having a positive stakeholder culture on retention. The various components of retention factors that comes under motivation are employee satisfactory level with the immediate boss, incentives offered, reasonable periodical increase in salary and prevailing promotional opportunities in the organisation was significantly correlated ($p < 0.001$) with the opinion of the sample respondents as motivation as a strong element for retention (r 's of -0.27, -0.37 and -0.30) and on the other hand where it is not a retention strategy (r 's of -0.24, -0.32 and -0.26) as shown in table 2. These results provide direct support of the framed null hypotheses. Table 1: employee satisfactory level with the boss where the value ($r = 0.68$), management interest in motivating the employees ($r = 0.76$). The significant and meaningful relationship between the various factors satisfied with the incentives offered, periodical increase in the salary ($r = -0.35$ and -0.30) and not a pertaining factor ($r = -0.48$ and -0.46). The final part of the analysis narrates about the required regression of the dependent and independent variable to obtain the paralleled effects of the dependent variable.

H₀²: The greater the perception of employee's on organisation support (boss/supervisor) higher is the retention rate.

H₀³: The greater the perception of the employee's perception on incentives offered by the management higher is the retention rate

H₀⁴: The greater the perception of the employee's perception on employee's periodical increase in the salary higher is the retention level.

A one way ANOVA test was run (Table 3) to test the attributes against the major factors on employee retention. The ANOVA shows a significance of 0 for each of the four factors on motivational tool as a concept on employee retention. A significance of 0 displays that analysing one or more of the factors of motivation against each other is not essential to determine which of the four factors of motivation (satisfactory opinion from the boss, management interest on employees incentives schemes offered by the management, periodical hike in the salary, sense of personal achievement) is primarily responsible for employee retention in organisation from the perspective of motivation.

DISCUSSION

The study investigated how motivation plays an effective role in maintaining the workforce in the banking industry. The analysis also examined the relationship between employee actual perception on motivation and the outcome of variables on employee retention. This results in meaningful work experience for the various factors like quality output, high motivation level and reducing the intention to leave the job. This is due to the result of increase in motivation. Retention redirects an organisation's employment policies and practices to focus on building thriving employee community. The total sample of the bank employees were subdivided to two groups as entry level officers and middle level managers. It results in the entry level officers mean value on employee retention score to be lower than the mean score of the middle level managers. This leads to an overview

Table 3: Summary statistics on Anova

Variables		Sum of squares	Df	Mean square	F	Sig.
Satisfactory opinion from the boss	Between Groups	41.81	14	2.917	8.344	.000
	Within groups	26.345	72	.350		
	Total	68.155	86			
Management interest on employees incentives schemes offered by the management	Between Groups	51.32	14	3.732	11.747	.000
	Within groups	21.24	72	.318		
	Total	72.56	86			
periodical hike in the salary	Between Groups	26.379	14	1.884	6.208	.000
	Within groups	20.89	72	.303		
	Total	47.269	86			
Sense of personal achievement	Between Groups	44.87	14	3.272	13.115	.000
	Within groups	16.99	72	.249		
	Total	61.86	86			

that there is a significant difference in employee's opinion in employee retention. Whereas moving to the one way ANOVA the study variables had a good acceptable internal consistency which estimates the reliability and demonstrates the factor structure which was consistent with the content of each formed scale. The strong correlation among the five independent variables (r 's of 0.43 and higher) suggests that common method variance may detract from a clear interpretation of results. There exists a high correlation between the two dependent variables-motivation as a surgical tool for retention and employee perception of the employees having a positive stakeholder culture on retention. The various components of retention factors comes under motivation are employee satisfactory level with the immediate boss, incentives offered, reasonable periodical increase in salary and prevailing promotional opportunities in the organisation was significantly correlated ($p < 0.001$) with the opinion of the sample respondents as motivation as a strong element for retention (r 's of -0.27, -0.37 and -0.30) and on the other hand where it is not a retention strategy (r 's of -0.24, -0.32 and -0.26) as shown in table 2. These results provide direct support of the framed null hypotheses. Table 2 explains employee satisfactory level with the boss ($r = 0.68$), management interest in motivating the employees ($r = 0.76$). The significant and meaningful relationship between the various factors (satisfied with the incentives offered, periodical increase in the salary ($r = -0.35$ and -0.30) and not a pertaining factor ($r = -0.48$ and -0.46). ANOVA shows a significance of 0 for each of the four factors on motivational tool as a concept on employee retention. A significance of 0 displays that analysing one of more of the factors of motivation against each other is not essential to determine which of the four factors of motivation (satisfactory opinion from the boss, management interest on employees incentives schemes offered by the management, periodical hike in the salary) is primarily responsible for employee retention in organisation from the perspective of motivation.

Conclusion and Policy Implications: From the above results and discussion it can be concluded that private sector banks plays a dominant role in retaining the work force and to meet out the challenges with the public and foreign banks. The success of the private sector banks purely depends on the performance of the employees. For a good performance the concept of motivation plays a dominant role in an organisation. When an employee is demotivated it leads to apathy, jealousy, disloyalty,

pessimism and frustration. Employee motivation is considered as an inhibitor of performance. Hence the bank ought to intend seriously of adopting new policies and framework for motivation which in turn leads to employee retention. It is desired that the findings of the research work facilitate the banking fraternity in retention.

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