A Study on Factors Influencing Employee Retention in Higher Educational Institution

Dr. M. Lakshmi Bala,
Head,
Department of Business Administration,
Kunthavai Naacchiyaar Govt. Arts College for Women, Thanjavur, India.

V. R. Jayavardhini,
Research Scholar,
Raja Serfoji Govt. Arts College,
Thanjavur, India.

ABSTRACT

Employee retention is the general system or talent of an association to hold its productive workers and subsequently keep up a lower turnover. Employee retention should be one of the limelight areas of the human resources department in any institution. Educational institutions spend a lot on attracting the best talent employees. These employees contribute a lot towards the success of an organization. The employees who stay with an institution for longer time contribute efficiently and become integral part of an institution and the position. This study is aiming at investigating the influencing factors and its effect on employee retention in higher educational institution. Sample size of the study was 130. Primary and secondary data are used to attain the determined objectives. Questionnaire is used to collected Primary data from the respondents. The collected data is analyzed using multivariate regression analysis. According to the descriptive analysis of this study employees are highly influenced with potential for career growth factors and employees are less influenced with job security and work life balance factors in higher educational institution in Thanjavur district. Furthermore, the multivariate regression analysis also indicated that employee empowerment, employee training, employee compensation, employee commitment, performance appraisal, work life balance, potential for career growth and job security factors selected for the study has positive and significant influence on employee retention.

Keywords: Employee retention, potential for career growth and employee empowerment.

INTRODUCTION:

Employee retention refers to the ability of the organization to retain its employees. Educational institutions depend on their employees’ skills, knowledge, and abilities for efficient and effective delivery of services in order to stay abreast with new changes and to achieve the vision of the institution. Higher Educational Institutions are likely to be stock of the most specialized and skilled intellectual employees. They serve as storehouses of knowledge for fostering the manpower needs of the country and for satisfying the aspirations of the people for a good and humane society. In this regard, the role of employees are crucial and their quality and effectiveness is very significant for disseminating knowledge to the students. Academic institution cannot ensure sustainability and quality in the long run without a well-qualified and committed employees. Higher education institution are in this way particularly reliant on the scholarly and innovative capacities and responsibility of the scholastic staff than most different organization. Retention of scholarly staff in higher education institutions (HEIs) is a genuine concern; the high turnover rate of scholastic staff represents a noteworthy test to these institution. Turnover can have harmful effects on students and remaining staff members, who struggle to give and receive quality services. Therefore, attracting and retaining skilled, employees have become an vital aspect for institutions. Retention should start with the job descriptions, orientation programmes, recruitment and selection. These are the foundations of building an effective retention strategy (Dibble, 1999:...
When one of this are not executed satisfactorily it might have a direct effect on the period that the employee will remain with the organisation. In higher educational institutions employee turnover could lead to decrease student enrolment numbers and employee frustration due to the additional workload allocated the remaining staff. Increase in opportunities and global demands makes retaining scarce skills more difficult. The main drawback of this to the institution is that, it not only loses efficient faculties, but also may have to bear the replacement costs. Thus, it is necessary for the institution to identify why efficient faculties leave the job and retain them to achieve long term productivity and total quality.

**LITERATURE REVIEW:**

There are a few factors that impact employees’ choice to leave or remain with an association. The choice to stay or leave an organization includes assessing expense and advantages. Components impacting employee retention can be partitioned into individual and firm factors. Individual factors include gender, marital status and education among others. Ladies are regularly viewed as less profitable as to human capital than their male partners since they will probably confront intruded on vocations for the contemplations of families (Sicherman, 1996) and other issues such as sexual harassment.

An examination directed by Jeruto (2010) in the Kenyan advanced education establishments uncovered that training and development relates with organizational commitment. The examination uncovered that workers who are managed an open door for training and development are probably going to be happy with their occupations and subsequently remain in the association. on the other hand, this investigation was led in Kenya and just centered around one retention factor; to be specific, training and development. Gowry (2011) in his exploration on employee retention at Intel demonstrated that performance evaluation was observed to be a most grounded retainer took after via training and development, financial and health benefits while selection and recruitment was the least significant factor influencing employee retention. A comparable research by Kochachathu (2011) on employee retention at Intel Malaysia discovered that worker acknowledgment prizes and pay was more profoundly critical on employee retention than the workplace and job design.

Mwiria et al. (2006) watches that different factors in the work environment have led to exodus of teaching staff in Kenyan universities in search for unrivaled compensation and better terms of employment in Rwanda and South Africa among other countries. Micheal et al. (2009) in a study on employee retention and turnover uncovered that employees in both public and private organizations in South Africa were to a very large extend influenced to stay in their organizations by a combination of intrinsic and extrinsic motivational factors which are training and development, challenging and interesting work, freedom for innovative thinking and job security.

Kabera (2012) carried out a study on retention programs of human resources in the private security firms situated in Nairobi found that inspiration of employees, working conditions and individual security determines retention of employees in the private security firms. Tizazu Kassa(2015) conduct a research on motivational factors and its effect on employee retention reveled that motivational factors have positive and significant influence on employee retention.

This exploration will have significant implications to many different types of stakeholders as it will lead to the identification of new areas and the generation of new framework to prompt further research on the subject of employee retention in both the private and public sectors especially in higher educational institution.

**OBJECTIVES:**

1. To identify the factors influencing employee retention in educational institution in Thanjavur district.
2. To analyze the effect of influencing factors on employee retention in higher educational institution in Thanjavur district.
3. To offer suggestions for retaining the efficient and highly intellectual employees.

**RESEARCH METHODOLOGY:**

This research was conducted at higher educational institution at thanjavur district to test the influencing factors and retention among employees. It is descriptive research design. In order to achieve the objectives of the study; the researcher used primary and secondary data source. Primary data was collected using questionnaires. Questionnaires were distributed to the employees of the higher educational institution. The variables were measured using Likert five point scale: response categories (strongly disagree value is 1, disagree, neither agree nor disagree, agree and strongly agree value is 5).Structured questionnaires was distributed to the arts, science and engineering college staff in Thanjavur. Convenient sampling techniques was used to collect the data from
the respondents. 130 filled questionnaires were received from the respondents. study was conducted with a sample size 130. The primary data collected from target respondents is analyzed using descriptive and multivariate regression analysis. Since the study is limited to only few colleges in Thanajvur district, it cannot be generalized to all higher education institutions. It is not possible to cover all the colleges in Thanjavur district due to time and cost constraint.

RESULT AND DISCUSSION:

Table 1: Frequency distribution of respondents demographic factors

| Demographic variables | Frequency | Percentage |
|-----------------------|-----------|------------|
| **Age**               |           |            |
| < 30 years            | 18        | 14         |
| 30- 40 years          | 62        | 48         |
| 40 - 50 years         | 38        | 29         |
| >50 years             | 12        | 09         |
| **Total**             | 130       | 100        |
| **Qualification**     |           |            |
| PG                    | 10        | 8          |
| Mphil                 | 27        | 21         |
| Mphil with SET or NET | 35        | 27         |
| Ph.D                  | 58        | 44         |
| **Total**             | 130       | 100        |
| **Designation**       |           |            |
| Guest Lectuer         | 31        | 24         |
| Asst.professor        | 78        | 60         |
| Associate Professor.  | 17        | 13         |
| Professor             | 4         | 3          |
| **Total**             | 130       | 100        |
| **Years of experience**|       |          |
| < 10 years            | 41        | 32         |
| 10-20 years           | 72        | 55         |
| 20-30 years           | 16        | 12         |
| >30 years             | 1         | 1          |
| **Total**             | 130       | 100        |

Source: Primary Data

From the table1, results shows that in the age category majority of respondents (48 percent) are in the age group 30 to 40 years. only 9 percent of respondent belongs to the age category above 50 years. 44 percent of the respondents have doctoral degree. 35 percent of respondents have Mphil with SET or NET. 78 percent of the respondents designation is assistant professor and only 4 percent of respondents are professors. Majority 55 percent of respondents have ten to twenty years of experience and one respondents has more than 30 years of experience.

FACTOR INFLUENCING EMPLOYEE RETENTION:
These factors comprise of employee empowerment, employee training, employee compensation, employee commitment, performance appraisal, work life balance, potential for career growth and job security.

Table 2: Means and Standard Deviations for measures of Factors Influencing Employee Retention.

| Factors                        | Mean  | Std. Deviation |
|--------------------------------|-------|----------------|
| Employee empowerment           | 3.831 | 0.473          |
| Training                       | 4.562 | 0.507          |
| Employee compensation          | 3.508 | 0.586          |
| Employee commitment            | 3.520 | 0.541          |
| Performance appraisal          | 3.691 | 0.438          |
| Work life balance              | 3.006 | 0.476          |
| Potential for career growth    | 4.854 | 0.582          |
| Job security                   | 3.187 | 0.403          |

Source: Primary Data
From the above table 2, it reveals that potential for career growth has the highest mean value. Therefore, it may be concluded from the above table that respondents are highly influenced by potential for career growth factor with a mean and standard deviation of 4.854 and 0.582 respectively. This is followed by training, employee empowerment, performance appraisal, employee commitment, employee compensation, job security, and work life balance with a mean of 4.562, 3.831, 3.691, 3.520, 3.508, 3.187, and 3.006 respectively.

The study finding in Table 3 were interpreted by regarding responses with mean close to 1 indicates as strongly disagree and 5 as strongly agree. Table reveals that majority of the respondents were of moderate opinion regarding whether they often think of leaving the educational institution by mean of 2.534 and whether they are searching for other jobs as point out by the mean of 2.481 respectively. When asked whether they love their jobs at the educational institution, majority of the respondents were not sure as indicated by a mean of 3.254.

| Factors                                      | Mean  | Std. Deviation |
|----------------------------------------------|-------|----------------|
| I often think of leaving the educational institution | 2.534 | 0.424          |
| I am job searching                           | 2.481 | 0.564          |
| I love my job in this educational institution | 3.254 | 0.589          |
| I am hoping to retire in this institution     | 3.673 | 0.612          |
| I will recommend this institution to any job seeker | 3.591 | 0.675          |
| Total                                        | 3.106 | 0.572          |

Source: Primary Data

Similarly, majority of the respondents were not sure whether they would retire at the educational institution or whether they would recommend other job seeker to the educational institution. Further, findings indicate that majority of employees are of moderate opinion on their intention to retain their jobs at the educational institution. This was evident in the fact that the respondents were torn between the decisions to leave their jobs.

A multivariate regression model was performed by the researcher to find out the influence of each independent variables with respect to employee retention in educational institution. The model summary in Table 4 shows that the coefficient of determination (the percentage variation in the dependent variable being explained by the changes in the independent variables), R Square equals 0.802. Therefore, 80.2% of changes in employee retention are explained by employee empowerment, employee training, employee compensation, employee commitment, performance appraisal, work life balance, potential for career growth, and job security. The P-value of 0.000 implies that the model for employee retention is significant at the 95 percent significance level.

| Model | R    | R Square | Adjusted R Square | Std.Error | Sig.  |
|-------|------|----------|-------------------|----------|-------|
| 1     | 0.896| 0.802    | 0.783             | 0.527    | 0.000 |

Source: Primary Data

Predictors: Constant, Employee empowerment, Training, Employee compensation, Employee commitment, Performance appraisal, Work life balance, and Potential for career growth.

Dependent Variable: Employee Retention

The regression model was as follows: Y= P0 + X 1P1 +X2P2+X3p3+X4P4+ X5P5 + e

Where: Y= Employee retention ,X1= Employee empowerment , X2= Training , X3= Employee compensation, X4= Employee commitment, X5= Performance appraisal, X6= Work life balance, X7= Potential for career growth and coefficient e = error term.
Table 5 shows the established multiple linear regression equation becomes:

\[ Y = 0.381 + 0.163 X_1 + 0.173 X_2 + 0.132 X_3 + 0.141 X_4 + 0.159 X_5 + 0.081 X_6 + 0.179 X_7 + 0.098 X_8 \]

Where Constant = 0.381, shows that if Employee empowerment, Training, Employee compensation, Employee commitment, Performance appraisal, Work life balance and Potential for career growth are all rated as zero, employee retention would be 0.381.

X1=0.163, shows that one unit change in Employee empowerment results in 0.163 units increase in employee retention. Employee empowerment has a positive and significant effect on employee retention with a beta value (beta = 0.163), at 99% confidence level (p < 0.01).

X2=0.173, shows that one unit change in Training results in 0.173 units increase in employee retention. Training has a positive and significant effect on employee retention with a beta value (beta = 0.173), at 99% confidence level (p < 0.01).

X3=0.132, shows that one unit change in Employee compensation results in 0.132 units increase in employee retention. Employee compensation has a positive and significant effect on employee retention with a beta value (beta = 0.132), at 99% confidence level (p < 0.01).

X4=0.141, shows that one unit change in Employee commitment results in 0.141 units increase in employee retention. Employee commitment has a positive and significant effect on employee retention with a beta value (beta = 0.141), at 99% confidence level (p < 0.01).

X5=0.159, shows that one unit change in Performance appraisal results in 0.159 units increase in employee retention. Performance appraisal has a positive and significant effect on employee retention with a beta value (beta = 0.159), at 99% confidence level (p < 0.01).

X6=0.081, shows that one unit change in Work life balance results in 0.081 units increase in employee retention. Work life balance has a positive and significant effect on employee retention with a beta value (beta = 0.081), at 99% confidence level (p < 0.01).

X7=0.179, shows that one unit change in Potential for career growth results in 0.179 units increase in employee retention. Potential for career growth has a positive and significant effect on employee retention with a beta value (beta = 0.179), at 99% confidence level (p < 0.01).

X8=0.098, shows that one unit change in Job security results in 0.098 units increase in employee retention. Job security has a positive and significant effect on employee retention with a beta value (beta = 0.098), at 99% confidence level (p < 0.01).

The magnitude of the coefficients of the independent variables also denoted the strength of the influence that they have on the dependent variable. The results indicate that employee retention is strongly influenced by potential for career growth (coefficient 0.179) and training (coefficient 0.173) followed by employee empowerment (coefficient 0.163), performance appraisal (coefficient 0.159), employee commitment (coefficient 0.141), employee compensation (coefficient 0.132), job security (coefficient 0.098) and work life balance (coefficient 0.081). The positive regression coefficient indicate a direct proportionality in increase in the...
independent variables (Employee empowerment, Training, Employee compensation, Employee commitment, Performance appraisal, Work life balance and Potential for career growth) lead to increase in dependent variables (employee retention).

**SUGGESTIONS:**

Systems used to hold employees incorporates: Better Job Design to persuade and connect with the worker. Great pay so the worker does not search for circumstances outside, On work learning and preparing encourages the representative to enhance their aptitudes and contribute back to the association. Better livens like protection, car, house, remote outing and so on which ensures that worker feels good and secure, Rewards and Recognition, Inclusion in organization choices will give representative the certainty of being a noteworthy piece of the organization, connection with the workers to ensure they are not disappointed with the activity or part so steps can be taken to enhance the circumstance. Worker maintenance is extremely subjective and may shift for various organizations and distinctive employees.

**CONCLUSION:**

Study comes about uncovered that worker maintenance is unequivocally impacted by potential for vocation development. This is on the grounds that in higher educational institution potential for career growth observed to be the most significant. This is followed by training, employee empowerment, performance appraisal, employee commitment, employee compensation, job security and work life balance. Employee retention is observed to be at moderate level in these higher educational institution. From this study it can be noted that career growth and Retention of talented employees is turning into a genuine test in the present working condition as managers understand the value of individuals that make up the organization. An organization spends gigantic measure of cash on contracting individuals and training them. Each year numerous organizations experience the ill effects of a colossal loss of talent employees. If these employees leave the foundation and join the competitor, this would be mean twofold misfortune for the main organization. To start with, they will be specifically affected by the talented employee not being accessible and also the talented employee is presently adding to the opposition. Likewise the individual who may supplant will be unable to come at standard that early. So better is to hold the employee and ensure he/she stays persuaded.

**REFERENCES:**

Gowry, Romasamy (2011). *The effect of human resource practices on employee retention at Intel*. Malaysia: Masters Thesis, Universiti Utara.

Jeruto, D. K. (2010). *Organisational commitment and Job satisfaction in higher educational institutions: the Kenyan case*. Master’s dissertation, Kenya.

Kabera, M. W. (2012). *Retention Programmes of human resource in the private security firms located in Nairobi*. Kenya: Masters Thesis, KU Library.

Kochachathu, P.S. (2011). *The influence of human resource practice on employee retention*. Malaysia: Masters Thesis, Universiti Utara.

Micheal, O. S. & Crispen, C. (2009). Employee retention and turnover: using motivational variables as a panacea. *The African Journal of Business Management*, vol. 3(8), pp (410-415).

Omboi, B. M.. (2011). Factors influencing agents’ retention in insurance industry: A Survey of selected insurance companies in Nairobi, Kenya. *Journal of Economic and Sustainable Development*. Vol. 2, No. 3.

Sicherman, N. (1996). Gender differences in departures from a large firm. *Industrial and Labor Relations Review*, 49: 484-505.

Tizazu Kassa (2015). *Employee Motivation and its Effect on Employee Retention in Ambo Mineral Water Factory, International Journal of Advance Research in Computer Science and Management Studies*, Volume 3, Issue 3, March 2015.