

How To Keep the Talent You Have Got; Constructing Factors Related to Worker Retention

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Abstract

Purpose: The purpose of this paper is to examine the effect of individual-based, firm-based, and market factors on job retention, basing its hypotheses on human capital theory and signalling models.

Design/methodology/approaches: Cluster sampling method was utilized for this research. This research is conducted to determine the employee retention factors in selected industries. Upon selecting the 4 industry and 4 organizations, the designed questionnaires were equally distributed to all the 4 organization with 50 questionnaires for each. Again, from many organizations in one industry we select the most accessible organization and distributed the questionnaires to 50 respondents. This would be the applicable for all other 3 industries and organization.

Findings: Growth and development, working culture and environment, remuneration, recognition and empowerment are motivating factors in an organization that are primary causes of job satisfaction leading to retention. Based on the findings and results all the factors leading to employee retention in an organization are highly correlated with each other.

Research limitations/implications: This study examines worker mobility from the perspective of actual length of job retention, complementing existing streams of research based on intention to leave. Because a few unexamined psychological and sociological factors may confound the findings and because only examine one firm is examined, care should be used when generalizing the findings to other firms.

Practical implications: The study provides evidence useful in the creation of human resource management practices aimed at retaining competent employees.

Originality/value: This study's research questions and methods are new to the line of turnover studies, making it a starting point for further lines of exploration.

Keywords: Retention; Labour mobility; Employee turnover; Human capital

Introduction

In today's rapidly changing business world, employees are critical for business success. High attrition rates – such as are common in information technology and IT-enabled services in India – reduce profits and hold back growth. They damage the economy at a national level, too. A study by MyHiringClub.com, an Asian and Gulf/Middle East recruitment company reveals that around a third of workers in the Indian IT and information-technology enabled service (ITeS) sectors leave their jobs each year. According to Assess people, while compensation is the fifth most important factor in causing people to leave their current jobs, it is the No. 1 factor in attracting them to work elsewhere. Other factors that surveys reveal push employees to seek work elsewhere are the attitude of their immediate boss, concerns over career development and a lack of “connection” with the current employer.

The MyHiringClub.com survey shows that employees with up to five years of experience are most likely to leave their jobs (39 per cent). Those with between five and ten years' service are less vulnerable to attrition (27 per cent), and the trend continues the longer people have served with one employer. Thus, for example, only 22 per cent employees with 10-15 years of service move on each year, and 15 per cent of those with more than 15 years' experience.

A loyalty study at Czech IT-recruitment firm Advanced Search Technology reveals that more than half of software developers remain in their job for four years. After five years, the number goes down to 37 per cent. After four years, it seems, programmers are more likely

to look for new challenge. A mini-survey conducted at the LinkedIn Q&A board about the average tenure of an IT employee confirms that around four years is typical.

Of course, wider economic conditions affect attrition rates. Broadly speaking, the more buoyant the international economy, the more likely people are to seek jobs with another employer. Yet there remains much that individual employers can do to retain their most highly skilled people.

Problem statement

Globalization has intensified the competition between organizations more than ever. McKinsey [1] notes that in today's knowledge economy an organization's significance or value is no longer assessed based on the tangible assets it holds but the intangible assets such as human intellectual capital, value proposition and innovation. Best talents unleash the potential in a company. 'Better talent is what will separate the winning companies from the rest' [1].

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Received April 12, 2016; **Accepted** April 28, 2016; **Published** May 05, 2016

Citation: Mbayong NA (2016) How To Keep the Talent You Have Got; Constructing Factors Related to Worker Retention. Arabian J Bus Manag Review 6: 230. doi:[10.4172/2223-5833.1000230](https://doi.org/10.4172/2223-5833.1000230)

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Generally organizations regardless of the size spends a large sum of money in recruiting and training staffs which starts from the initial induction program to introduce the company, job specific trainings to self-development programs. Talents are certainly very precious to the organization especially the corporate top talents.

Hence, high turnover of employees is deemed to be costly to organizations. This is well supported in a publication by Accenture [2] stating that huge amount of money is being wasted every year on rehiring and retaining entry-level staffs and the attrition of these staffs certainly hurts the performance of the organization. When employees leave they substantially take away with them the knowledge, expertise and experience possessed before and also gained in the organization. As much as knowledge management is being extensively encouraged and practiced at present, these tools may not be able to capture all the knowledge, expertise and experience residing in the leaving staff.

According to Sinha [3], the cost of retaining the employees in an organization is far cheaper compared to repeating the entire recruitment and training process all over again. Organizations are losing tremendously because talents leave the company even before they are able to deliver their best performance to the organization. However, the motive behind the turnover rate is still debatable. Big pay cheque can no longer make employees stay loyal to an organization. The talents nowadays are in exploration for many other fundamentals to be fulfilled in a job. In order to stay competitive, it is vital for organizations to retain its top talents and roll out extensive initiatives in talent management and retention.

Research objectives

- a) To identify the work-related factors influencing employee retention.
- b) To study the relationship between the factors identified.
- c) To determine the retention in different group of employees based on the factors identified.
- d) To validate the influence of age, seniority level, educational background, industry functioned and gender on employee retention.

Literature Review

Retention is something that becomes very important subject in all the organization. It is basically about using the employee service continuously. Based on the survey done it reflects about factors of employee retention. Those factors are as follow organizational values, communication policy, reimbursement and welfares, flexible working timetable and career development system [4]. Due to the globalization most of the organizations are involved in merging and acquisition so that these organizations can be very competitive in the industry and economy. The issue over here is the employees just being abandoned as of not sure whether they still have the job or no. Moreover, it's a common thing of not having all the employees to work in the merged organization. It is important for the employee to plan for good career moves so that they can ensure the job is there and fulfill their need for security. It also has been proved that the entity which conducts employee development programs tend to be successfully retain more employees [4]. By doing so, it will be more cost saving for the organization. Basically, if the existing employee yet to be send for employee development or talent management programs the expenditure will be lesser compared to hire fresh talented worker and the most importantly to consider is the increasing cost of hiring new

worker [5]. There is also very good understanding where the worker's whom are happy with their work tend to present a good performance and develop competitive organization performance [6]. The staffs that feel happy of working in the company tend to stay and give their support which results in lower turnover percentage.

Other researchers also figure out that the main factor which contributes towards employee retention [7]. Those factors identified are job prospect, working environment, work life balance, organizational justice and others. Most of the personnel to work for the organization for a long time when they are valued, recognized and other related subject [8]. Variables selected to measure job satisfaction need to represent all aspects of the work environment: human relations, the job itself, personal feelings, and membership within the organization [7]. Brenda and Hy [4] divided influences on job satisfaction into internal satisfactory factors related to the work itself, such as: feeling of achievement, feeling of independence, self-esteem, feeling of control and other similar feelings obtained from work, and the external satisfactory factors not directly related to work itself, such as: receiving praise from the boss, good relationships with colleagues, good working environment, high salary, good welfare and utilities.

All these workers stay in the organization is of the remuneration scheme, progression and improvement, pay package and work life balance. The matter of retention is a complex for all the entity meanwhile employing a capable is very important for the company and when it comes to retaining which is vital than appointing people. High consideration is being given as of high expenditure occurs for the orientation and training of fresh employed worker. Based on the findings it shows high cost involved when it comes to replacement of old worker with new especially that expected to twice the employee annual salary. Normally, when these workers steps down the company is not only losing them as well the loyal customer and client with the employee which will affect the business.

There has been a lot of hard work done by companies in attracting workers and ensure they are retained in the organization. As per the research, it is shown that the salary and designation doesn't really help in retaining the workers yet there are some other things to be done so that it brings benefits for the employee and also the company. It also has been identified human resource management has the biggest contribution towards worker's retention. The scope of human resource management approach in reimbursement, job security, training & improvements, superior support principles, work atmosphere and organization justice helps in reducing truancy, employee retention and performing well in the task assigned.

The effect of job satisfaction on employee retention may be just an equation in general; however, it is important to explore and understand the key factors of job satisfaction and individual characteristics that differentiate individual levels of satisfaction.

Methodology

Theoretical framework

Based on the literature studies conducted, the framework was formulated with four independent variables influencing the dependant variable. Founded by the writings of other researchers, the factors that seem to have a major influence in employee retention in an organization are growth and development, recognition and empowerment, remuneration packages and benefits, working environment and culture. Various studies also states that an employee who is satisfied with the working environment and the remuneration offered by the

employer is usually very satisfied and this satisfaction level certainly influences the service towards the organization.

Hence, satisfaction is an outcome of the remuneration packages and benefits, working environment and culture in an organization. Satisfaction is an intervening variable in the framework consequential from the stated independent variables and has a strong impact on employee retention. Besides that, studies also reveal that an employee will respond positively to encouraging words and praises. Their motivation and commitment level very much depends on the recognition and the need to be felt wanted in an organization. Employees always want their contribution to be recognized and appreciated. Therefore, commitment level is also an intervening variable in this research as it is an outcome of the empowerment and recognition received by an employee in an organization which directly impacts the dependent variable being measured.

The dependent variable to be measured for this research is employee retention. To be more explicit the dependent variable is the number of years an employee serviced the company, intention to leave in the near future and also the rate of retention. Besides that, the correlation between the independent variable, working environment and culture and its influence towards employee retention very much depends on the employee's preferred management style. The correlation between all the independent variables and its influence towards employee retention can be impacted by additional factors such as age, seniority level, educational background, gender of employee and the industry functioned (Figure 1).

Sampling method

Cluster sampling method was utilized for this research. According to Ahmed, cluster sampling is by grouping the population elements which consists the sampling unit. This research is conducted to determine the employee retention factors in selected industries.

Upon selecting the 4 industry and 4 organizations, the designed questionnaires were equally distributed to all the 4 organization with 50 questionnaires for each. Again, from many organizations in one

industry we select the most accessible organization and distributed the questionnaires to 50 respondents. This would be the applicable for all other 3 industries and organization.

The organization will be the 'primary sampling units' and is called the clusters. Meanwhile the 50 respondents are the 'secondary sampling units'.

Study population

The population for this study is the corporate employees of selected industries. The industries selected for this study are Oil and Gas, Manufacturing, Services and Education. To be more specific, the details of the organization are tabled below in Table 1.

Sample selection

Around 200 sets of questionnaires were distributed equally between the 4 industries. 50 sets were distributed for each industry. The respondents for the questionnaire can be varying according to the industry and there are no specific restrictions on type of respondents. The questionnaires were given personally to the employees and given a time line about 1 week to get it completed. The respondents were very much willing to participate in the research and support the research.

Analysis method

To analyse the gathered data statistical software is used in this research. The software is known as SPSS which stands for Statistical Package for the Social Sciences. This is a tool to analyze the data and generate relationship tables. The variables can be tested for its correlation with other variables. Several tests are executed and the generated reports and findings are interpreted into the written report for this research.

Variables and measurement of variables

A set of twelve measures were selected for the study after going through the literature. A structured questionnaire was constructed utilizing these twelve measures of job recognition, flexibility, benefits, compensation, employee motivation, learning work climate, cost-

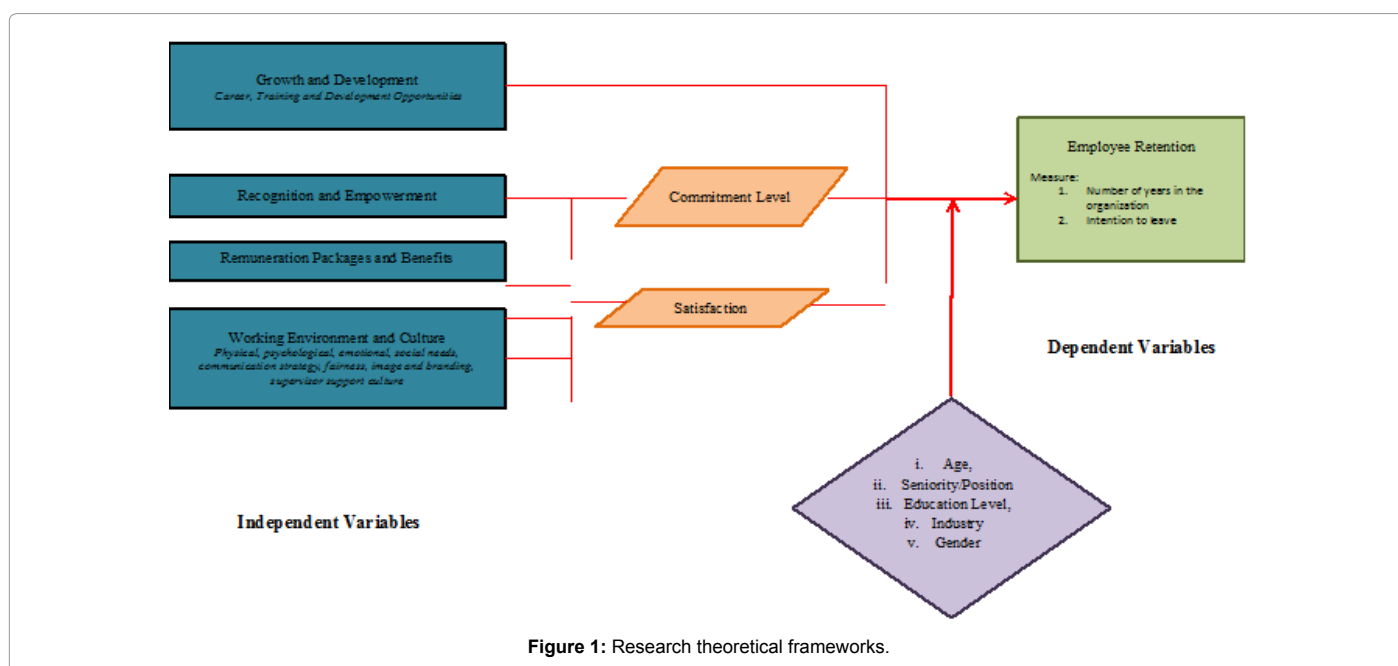


Figure 1: Research theoretical frameworks.

| Oil and Gas | Manufacturing | Shared Services | Education |
|-------------|-------------------------------|------------------|-------------------------------|
| Petronas | Shell refinery | Schlumberger GFH | INTI International University |
| | | Shell BSC | |
| Petron | Global manufacturing solution | BHP Billiton | |
| | | Steelcase GSS | |

Table 1: Study population industries and companies.

effectiveness, career development, organizational commitment, communication, superior-subordinate relationship and training with appropriate instructions for each section of the questionnaire for the collection of data on the study.

The questionnaire is divided into four different sections in which the first section looks into the demographic information or the collected information which consists of Gender, Age, Race, Income, Education level, Industry Served and Position in the organization. The remaining sections are based on participant perception of the variables.

The questionnaire consisted of aspects in which the perception of the participants is central. The items measure the participants' perception, work behaviours and attitudes towards retention strategies in their organisation. All questions were scored on a five-point Likert scale ranging from 1 "I strongly disagree" to 5 "I strongly agree" as well as 1 "very satisfied" to 5 "very dissatisfied". To determine the reliability of the questionnaire, it was sent to both the 5 different type of organizations which consists of Education, Oil & Gas, Manufacturing, Event Management and Services. The questionnaire was filled out by the research community belonging to entry level till higher managerial level from all 5 types of industry. The dependant variable would on the reason or intention of retaining in the industry and also total years spend.

In order to quantify the level of intention to remain at the current organization, data were interpreted on a scale where: when a higher number was selected it was interpreted as a higher level of intention to remain at the current hotel or a higher level of job satisfaction, conversely, when a lower number was selected this indicated a lower level of intention to remain at the current hotel or a lower level of job satisfaction. All questionnaires were coded and manually compiled onto hardcopies of data sheets prior to entering the data into the computer system. The answers were evaluated and analysed in relation to all subjects involved and questions asked.

Analysis/Discussion

Descriptive analysis was performed to illustrate the profile of respondents, summary of retention reasons and to evaluate the influence of the demographic variable towards the number of years served by employees in an organization. Secondly, One Way ANOVA was performed to compare the mean years served by the different group of employees based on the independent variables. Chi Square and cross tabulation was utilized to determine the association between demographic variables and employees overall satisfaction and the intention to stay in an organization. Subsequently, correlation was then performed to study the relationship between the independent variables influencing employee retention. T-test was also performed to determine the influence of gender towards the independent variables which are the needs of an employee in an organization and to study the influence of educational background on the number of years an employee stays in organization. Besides, factor analysis was then performed to identify the independent variables which highly correlate with each other. The identified factors were used to perform regression to study the influence of the factors on the retention of employees in an organization.

Profile of respondents

The Table 2 describes the demographic information of the respondents. The demographic information taken into account for this study are gender, age, race, income level, education, current industry served and position in an organization. This information was crucial as one of the objectives of this study is also to determine the influence of these demographic variables on employee retention. The questions were mainly targeted for working adults. Majority of the respondents for this study are males (62.5%). This could be because the industries being studied such as manufacturing and oil and gas industries are male dominant industries. A huge proportion of the respondents are around the age of 20 to 39 years old and very less respondents are from the age group 50 and above. There is a relative distribution in the race of the respondents. Besides, in term of income level most of the respondents earn in the range of RM2000 to RM3999 which accounts for 31.1% and RM4000 to RM5999 which accounts for 45.1% of the total respondents. 44% of the total respondents have a bachelor degree and 50% of them have master's degree. There are also a small number of employees with

| Variable | Frequency | Percentage |
|--------------------------------|-----------|------------|
| Gender | | |
| Male | 125 | 62.5 |
| Female | 75 | 37.5 |
| Age | | |
| Below 20 | 3 | 1.5 |
| 20-29 | 82 | 41 |
| 30-39 | 67 | 33.5 |
| 40-49 | 29 | 14.5 |
| 50 and above | 19 | 9.5 |
| Race | | |
| Chinese | 77 | 38.5 |
| Malay | 61 | 30.7 |
| Indian | 52 | 26.1 |
| Others | 9 | 4.5 |
| Income | | |
| Below 2000 | 14 | 7.3 |
| 2000-3999 | 60 | 31.1 |
| 4000-5999 | 87 | 45.1 |
| 6000-7999 | 5 | 2.6 |
| 8000 and above | 27 | 14 |
| Education | | |
| High School and Below | 15 | 7.5 |
| Diploma | 40 | 20 |
| Bachelor Degree | 88 | 44 |
| Master Degree | 50 | 25 |
| PHD | 7 | 3.5 |
| Current Industry Served | | |
| Education | 47 | 23.5 |
| Oil and Gas | 60 | 30 |
| Manufacturing | 58 | 29 |
| Services | 34 | 17 |
| Others | 1 | 0.5 |
| Position | | |
| Managerial and above | 29 | 14.5 |
| Executive | 160 | 58 |
| Entry Level and Below | 28 | 14 |
| Others | 27 | 13.9 |

Table 2: Profile of respondents.

PHD included in this study as well. There is a relative equal distribution of respondents can be found in all the industries selected. Lastly, a huge percentage of the respondents hold the executive position in an organization.

Summary on retention reasons

In the questionnaire two questions were included on the reasons employees apply for and leave a job in the organization. The respondent is allowed to select from the 4 variables the reason for employees applying for job in their organization and also the reason for employees resigning. Table 3 illustrates the summarized finding on the reasons for employees applying for and leaving the organization. Remuneration is the top reason for employees applying for the job in the organization and for leaving the organization. Most of the employees apply for a job in the organization due to the remuneration package. However, maybe after working for some time they leave the organization as they feel they deserve better for the job being performed. Therefore, remuneration is also the reason for employees leaving the organization. Secondly, growth and development is the second top reason for employees applying for a job in the organization. An attractive career progression plan in an organization can certainly attract a great number of talents.

Growth and Development and also Working Environment and Culture draw similar percentage as reasons for employees leaving the organization. Organizations should manage these two elements wisely as it accounts for a great number of responses for turnover. Lastly, recognition and empowerment is the least significant variable for employee job application or resignation.

Evaluating the influence of industry, age, income, education and position towards employee retention.

The Table 4 above demonstrates the influence of the demographic information towards employee retention. Employee retention refers to the number of years on employee is serving the organization. Employee from the education industry is seen to have a higher retention rate compared to the others. The employees from the education industry serve an average of 8 years while the others only have an average of 3 to 5 years. Besides that, in the evaluation on the influence of age, the older the employee the longer they remain in an organization. The older employees are more loyal to the organization compared to the young talents. Employees in the age group of 50 and above serve the organization an average of 20 years. The same goes to income, the higher the income an employee earns, the longer they are realized to stay with the organization.

Therefore, income could be considered as a factor to employee retention. Subsequently, employees in the managerial position, lecturers are tutors tend to stay in the organization longer compared to others. This corresponds to the longer years served by the employees from education industry. Lastly, employees with high school and

| Variables | Reason for Applying | | Reason for Leaving the Organization | |
|---------------------------------|---------------------|-------------|-------------------------------------|-------------|
| | Frequency | Percent (%) | Frequency | Percent (%) |
| Growth and Development | 82 | 41.4 | 57 | 28.5 |
| Recognition and Empowerment | 50 | 25.3 | 40 | 20 |
| Remuneration | 112 | 56.6 | 127 | 63.5 |
| Working Environment and Culture | 72 | 36.4 | 61 | 30.5 |

Table 3: Retention reasons.

| Categories | Years (Median) | |
|------------|-----------------------|-----|
| Industry | Education | 8 |
| | Oil and Gas | 5 |
| | Manufacturing | 4 |
| | Services | 3 |
| Age | Below 20 | 4 |
| | 20-29 | 2 |
| | 30-39 | 5 |
| | 40-49 | 10 |
| | 50 and above | 20 |
| Income | Below 2000 | 2.5 |
| | 2000-3999 | 3 |
| | 4000-5999 | 6 |
| | 6000-7999 | 5 |
| Position | 8000 and above | 10 |
| | Managerial and above | 7 |
| | Executive | 4 |
| | Entry Level and Below | 2 |
| Education | Others | 8 |
| | High School and Below | 22 |
| | Diploma | 4 |
| | Bachelor Degree | 3 |
| | Master Degree | 8 |
| | PHD | 5 |

Table 4: Influence of demographic variables towards employee's years served in an organization.

below educational qualification serve the organization longer than the other employees. Meanwhile, employees with Bachelor Degree tend stays in the organization for a shorter period of time. Employees with bachelor degree or masters are always looking for better opportunity therefore this reason could contribute to the less years served by these group of employees. In addition, all the organization recognizes degree qualification and employment opportunities are very high for these employees. Consequently, job hopping has become very common among young talents.

Comparing the mean years served by different cluster of employees

One Way ANOVA is used to compare means for two or more independent groups. The measurement of the variables to be utilized for One Way ANOVA is one continuous variable and one categorical variable with any number of categories. In this study, One Way ANOVA is used to compare the difference between the mean years served by different cluster of employees to test objective (c) of the research. The mean years served is the continuous variable and the employee cluster is the categorical variables. The clusters of employees are based on the:

- Frequency of training sent for.
- Frequency of recognition received.
- Comfortable level with the working culture.
- Satisfaction with the remuneration package received.

a. **Test of homogeneity of variance:** Firstly, the test of homogeneity of variance is conducted to validate the equality of variance and the test to be performed against the variables (Table 5).

The significance level of more than 5% indicates equality variance. However, the normality test was not satisfied by all the variables. One

| Test of Homogeneity of Variance | | | | |
|--|---------------------|-------|----------------|----------------|
| Variables/Cluster | Levene's Statistics | Sig. | Equal Variance | Analysis |
| Frequency of training sent for | 3.454 | 0.009 | Not assumed | Kruskal Wallis |
| Frequency of recognition received | 3.597 | 0.007 | Not assumed | Kruskal Wallis |
| Comfortable level with the working culture | 2.259 | 0.064 | Assumed | One-Way Anova |
| Satisfaction level with the remuneration package | 6.047 | 0.000 | Not assumed | Kruskal Wallis |

Table 5: Test of homogeneity of variance for the different cluster of employees.

Way Anova to be performed for Comfortable level with the working culture as this variable indicates a significance level of more than 5%. Kruskal Wallis is conducted for the remaining variables.

b. **Kruskal Wallis/Anova test:** The one way ANOVA result shows that there is no significant difference between the groups (sig = 0.746). Therefore, there is no significant difference in the mean years served by an employee who are comfortable and not comfortable with the working culture in the organization. As conclusion, just because an employee is comfortable with the organization it does not mean he or she may decide to work longer in the organization (Table 6).

The only variable that appeared significant for the Kruskal Wallis Analysis is frequency of the training sent for. As the Kruskal Wallis results are significant for frequency of training sent for, post hoc test is conducted to determine which groups differ from each other. The post hoc test shows that there is a significant difference in the years served by employees who are sent for training frequently and occasionally. To a surprise an employee who is sent for training occasionally by the organization serves significantly more (mean = 8.3 years) compared to those sent frequently for training (mean = 4.7 years). This may be because the employee who is sent for training very frequently may be well competent and tends to seek for better development opportunities in other companies (Table 7).

Based on the mean years, the employee who is sent for training always serves the most number of years in the organization. Therefore, it can be concluded that to a certain extent the growth and development needs does influence employee retention in an organization.

Association between demographic variables and employees overall satisfaction and the intention to stay in an organization

Based on the Table 8, education level, industry served and the position in the organization has a significant association with the overall satisfaction. Employees with High School or Lower or Diploma Education (70.5%) are more likely is dissatisfied with the organization compared to the employees with Degree, Masters or PHD (49.6%). However, for employees with Degree, Masters or PHD the number of employees feeling satisfied and dissatisfied is relatively similar.

Majority of the employees from the Education and Manufacturing Industry are satisfied. 73.7% of employees from Education Industry are satisfied and 72.3% of the employees from the Manufacturing Industry id satisfied. Majority of the employees from Services and Oil and Gas Industry are not satisfied. The percentage of satisfaction of employees from the Other Industries is not interpreted as only one employee represents the particular industry.

Majority of the respondents are executives in the organizations.

A huge proportion of the employees in the managerial and above, executive, entry level and below position are dissatisfied. Most of the employees holding position such as Lecturer and Tutor are satisfied. This corresponds to the significantly higher satisfaction level among employees in the Education Industry.

As education level, industry served and the position in the organization has a significant association with the overall satisfaction the strength of the relationship was analysed further. Due to the presence of nominal scale, Phi test was used to analyse the relationship.

Phi test was used to determine the strength of the relationship between education level, industry and position in the organization with the overall satisfaction. The individual relationship was analysed (Table 9).

For the demographic variable education level, the sig = 0.017 illustrates that the association between education level and overall satisfaction is significant at 5% level. The coefficient value of 0.184 shows that the relationship between education level and overall satisfaction is weak.

For the demographic variable industry served, the sig = 0.000 illustrates that the association between industry served and overall satisfaction is significant at 0% level. The coefficient value of 0.57 shows that the relationship between industry served and overall satisfaction is strong.

For the demographic variable position in the organization, the sig = 0.039 illustrates that the association between position in the organization and overall satisfaction is significant at 5% level. The coefficient value of 0.223 shows that the relationship between position in the organization and overall satisfaction is weak.

In conclusion, there is a significant association between three demographic variables with the employees overall satisfaction. The demographic variables are education level, industry served and position hold in the organization by the employees. There is no significant association between the other demographic variables and employees' overall satisfaction. There is also no significant association between all the demographic variables with employees' intention to stay in an organization.

| Kruskal Wallis/Anova Test | |
|--|-------|
| Variables | Sig |
| Frequency of training attended | 0.013 |
| Frequency of recognition received | 0.800 |
| Comfortable level with the working culture | 0.746 |
| Satisfaction level with the remuneration package | 0.811 |

Table 6: Significant differences in mean years served by different group of employees.

| Descriptives | | |
|-----------------------|-----|--------|
| Years in Organization | | |
| | N | Mean |
| Always | 10 | 9.8000 |
| Very Frequently | 39 | 4.7436 |
| Occasionally | 96 | 8.3021 |
| Rarely | 43 | 5.6977 |
| Never | 12 | 6.7500 |
| Total | 200 | 7.0300 |

Table 7: Differences in mean years served by different group of employees based on the frequency sent for trainings.

| Variable | | % (Overall Satisfaction) | | n | Sig. | % (Intention to Stay) | | n | Sig. |
|-------------------|---|--------------------------|---------------|-----|----------|-----------------------|--------------------|-----|-------|
| | | Satisfied | Not Satisfied | | | Intention to Stay | Intention to Leave | | |
| Gender | Male | 47.5 | 52.5 | 101 | 0.416 | 11.2 | 88.8 | 125 | 0.328 |
| | Female | 41.2 | 58.8 | 68 | | 16 | 84 | 75 | |
| Age | 29 and below | 38.2 | 61.8 | 68 | 0.149 | 12.9 | 87.1 | 85 | 0.983 |
| | 30 and above | 49.5 | 50.5 | 101 | | 13 | 87 | 115 | |
| Race | Chinese | 44.4 | 55.6 | 63 | 0.766 | 9.1 | 90.9 | 77 | 0.314 |
| | Malay | 39.6 | 60.4 | 53 | | 19.7 | 80.3 | 61 | |
| | Indian | 50 | 50 | 46 | | 11.5 | 88.5 | 52 | |
| | Others | 50 | 50 | 6 | | 11.1 | 88.9 | 9 | |
| Income | Below 2000 | 27.7 | 27.3 | 11 | 0.216 | 14.3 | 85.7 | 14 | 0.496 |
| | 2000-3999 | 45.7 | 54.3 | 46 | | 10 | 90 | 60 | |
| | 4000-5999 | 44.2 | 55.8 | 77 | | 17.2 | 82.8 | 87 | |
| | 6000-7999 | 25 | 75 | 4 | | 0 | 100 | 5 | |
| | 8000 and above | 32 | 68 | 25 | | 7.4 | 92.6 | 27 | |
| Educational Level | High School or Lower or Diploma Education | 29.5 | 70.5 | 44 | 0.017* | 14.5 | 85.5 | 55 | 0.689 |
| | Degree, Masters or PHD | 50.4 | 49.6 | 125 | | 12.4 | 87.6 | 145 | |
| Industry | Education | 73.7 | 26.3 | 38 | 0.000*** | 8.5 | 91.5 | 47 | 0.497 |
| | Oil and Gas | 13.5 | 86.5 | 52 | | 10 | 90 | 60 | |
| | Manufacturing | 72.3 | 27.7 | 47 | | 19 | 81 | 58 | |
| | Services | 22.6 | 77.4 | 31 | | 14.7 | 85.3 | 34 | |
| | Others | 0 | 100 | 1 | | 0 | 100 | 1 | |
| Position | Managerial and above | 42.3 | 57.7 | 26 | 0.039* | 13.8 | 86.2 | 29 | 0.974 |
| | Executives | 42.3 | 57.7 | 97 | | 12.9 | 87.1 | 116 | |
| | Entry Level and Below | 31.8 | 68.2 | 22 | | 10.7 | 89.3 | 28 | |
| | Others (i.e. Lecturer and Tutor) | 70.8 | 29.2 | 24 | | 14.8 | 85.2 | 27 | |

*p<0.05, **p<0.01, ***p<0.00

Table 8: Pearson Chi square and percentage distribution for overall satisfaction and intention to stay in an organization.

| Variable | Phi Test (Sig.) | Coefficient Value |
|-----------------|-----------------|-------------------|
| Education Level | 0.017 | 0.184 |
| Industry | 0.000 | 0.57 |
| Position | 0.039 | 0.223 |

Table 9: Phi test to measure strength of association of the significant demographic variables.

Relationship of the variables with each other

Correlation is used to study the association between two continuous variables. In this study, correlation is used to verify whether employee's perception on growth and development, remuneration, recognition and empowerment, working environment and culture factors influencing the retention in the organization is matching.

The Table 10 illustrates the strength of the relationship and direction between the independent variables influencing employee retention. As all the variables are normal, Pearson correlation was used. In general, the results are significant at 1% level. There is a strong positive relationship in the association between:

- i. Growth and Development association with working environment and culture (Correlation=0.792)
- ii. Recognition and Empowerment associated with growth and development (Correlation=0.575)
- iii. Remuneration association with working environment and culture (Correlation=0.509)
- iv. Recognition and Empowerment associated with Working Environment and Culture (Correlation=0.656)

Therefore, an employee who desires for growth and development need in the organization would also want a comfortable working environment and culture. An employee who considers recognition and empowerment as vital factor to stay in an organization would also contemplate the growth and development opportunities in the organization. An employee who stays in the organization due to the remuneration package will also want the working environment and culture to be comfortable as well. Lastly, an employee who feels that recognition and empowerment is a leading factor to serve an organization for longer period will also look through the working environment and culture in the organization. There is a strong link between these variables.

Besides that, there is a moderately weak positive relationship between Growth and Development association with Remuneration (correlation=0.462). There is also a weak positive relationship between Remuneration associated with Recognition and Empowerment (correlation=0.291). An employee who stays in the organization due to the growth and development needs may not feel that the attractiveness of remuneration package as factor to stay in the organization also. Lastly, based on the relationship an employee who serves an organization due to the remuneration package offered will not be looking for recognition or empowerment prospects. In conclusion, for

| Variables | Growth and Development | Remuneration | Recognition and Empowerment | Working Environment and Culture |
|---------------------------------|------------------------|--------------|-----------------------------|---------------------------------|
| Growth and Development | - | 0.462 | 0.575 | 0.792 |
| Remuneration | 0.462 | - | 0.291 | 0.509 |
| Recognition and Empowerment | 0.575 | 0.291 | - | 0.656 |
| Working Environment and Culture | 0.792 | 0.509 | 0.656 | - |

Table 10: Pearson correlation for the relationship of the variables.

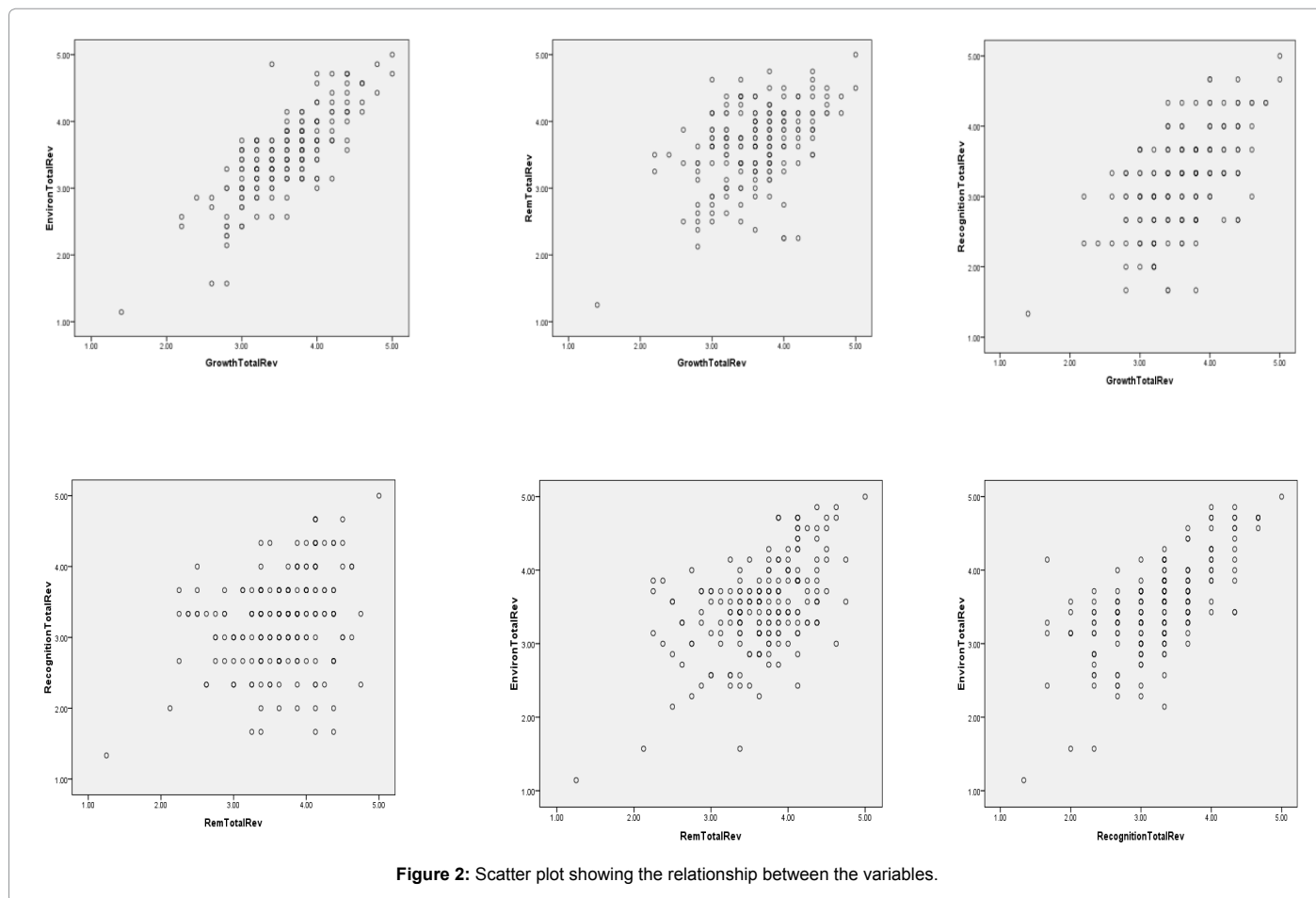


Figure 2: Scatter plot showing the relationship between the variables.

objective b most of the factors influencing employee retention have a strong positive relationship with each other.

The relationship between the variables can be clearly seen in the scatter plots below in Figure 2.

Influence of gender on the independent variable – T-test

a) **Differences in the major variables by gender:** Gender does not influence the independent variables for retention. Both male and female have the same needs to stay in the organization in term of growth, remuneration, recognition and working environment. Based on the sig value, t-value and mean value for both male and female, it can be concluded that gender does not have a significant influence on employee’s satisfaction and need in the organization (Figure 3 and Table 11).

b) **Influence of education to the years served in the organization:** As the distribution is not normal, Mann Whitney analysis is used to determine the influence of education level of an employee to the

number of years served in an organization. Education level was recoded into 2 categories to ensure that enough respondents are obtained for each category (Figure 4).

From the Table 12 above, the mean value indicates longer years served in the organization. In this case, the employees with education level of high school, below and diploma have the higher number of working years in the organization with the mean value of 118.55. Meanwhile, those employees with degree, masters and PHD scored a lower mean value which is 93.65 and this shows that they tend to move to other organizations when the time comes. The educational background of an employee has a significant influence on retention in an organization at 1% level. It can be concluded that the higher the education level, the lower years of service. While the lower the education level, the higher number of service years scored. People with lower level education [high school and below or diploma] are likely to stay in the organization longer compared to people with higher level education such as degree, masters and PHD. The average year served

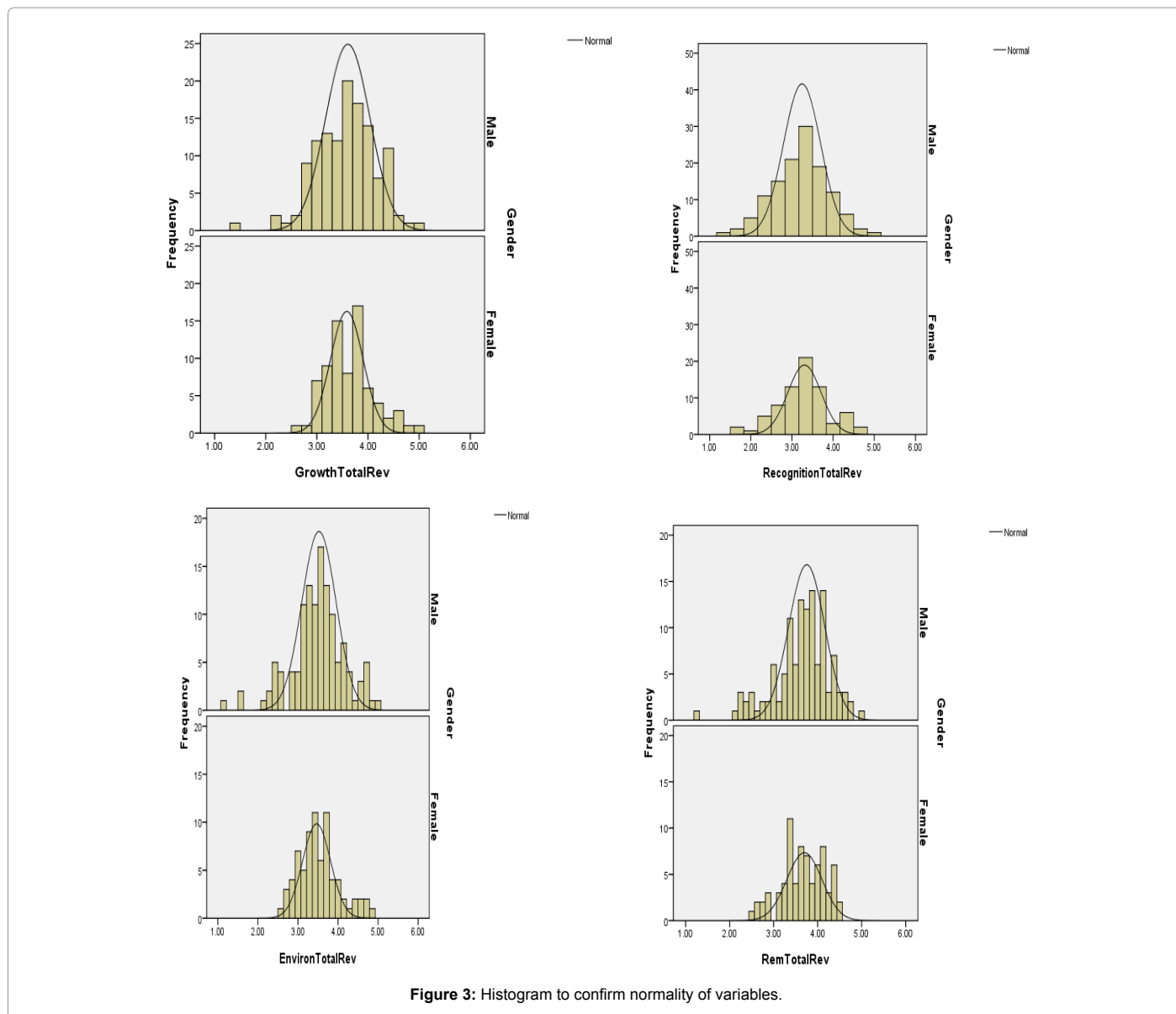


Figure 3: Histogram to confirm normality of variables.

| Variables | Male (Mean) | Female (Mean) | t-value | Sig |
|---------------------------------|-------------|---------------|---------|-------|
| Growth and Development | 3.57 | 3.63 | -0.826 | 0.41 |
| Recognition and Empowerment | 3.21 | 3.27 | -0.662 | 0.508 |
| Remuneration | 3.64 | 3.66 | -0.228 | 0.82 |
| Working Environment and Culture | 3.49 | 3.53 | -0.359 | 0.72 |

*p<0.05, **p<0.0

Table 11: Influence of gender of independent variables.

by an employee with high school or lower or diploma qualification is 8 years and the average years served by an employee with degree, masters or PHD is 5 years. However, the difference in years served by these two groups of employees is not much.

Grouping the independent variables

a) **Factors Extraction:** Principal Component Analysis was used to do the extraction. As the correlations between the variables are high, there might be possibility for the variables to be group together (Table 13).

- The variables have been grouped and classified as below:-
- BENE - Benefits and perks
 - CASH - Salary adjustment
 - ENV - Harmonious working culture and place
 - PPL - Engagement with colleagues and superiors
 - GRW - Career progression and advancements
 - RECOG - Constant recognition of efforts and excellent execution of tasks

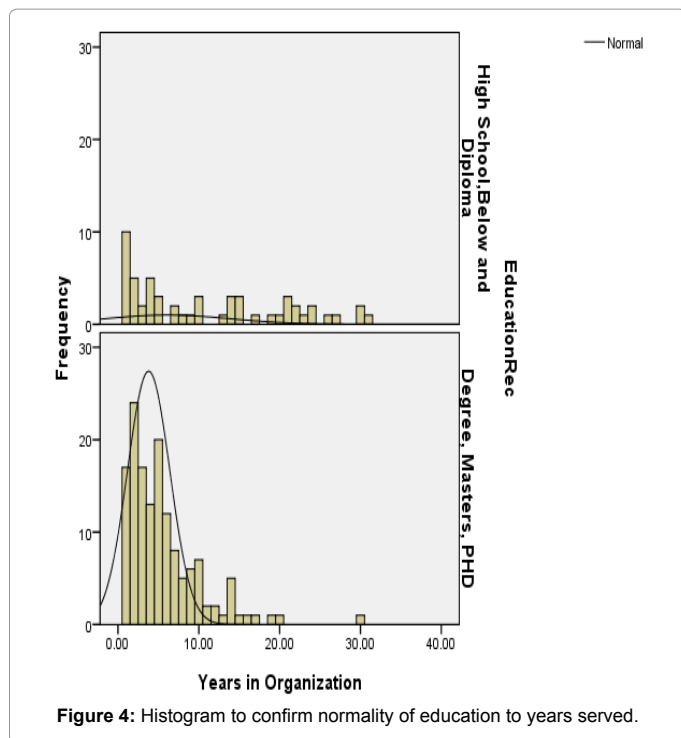


Figure 4: Histogram to confirm normality of education to years served.

| Education | Mean Rank | Sig. | Average Years Served |
|--------------------------------|-----------|-------|----------------------|
| High School, Below and Diploma | 118.55 | 0.006 | 8 |
| Degree, Masters, PHD | 93.65 | | 5 |

Table 12: Influence of education to the years served in an organization.

| | |
|--|-------|
| Kaiser-Meyer-Olkin measure of sampling adequacy. | 0.730 |
| Bartlett's test of sphericity Sig. | 0.000 |

Table 13: Initial KMO and Bartlett's test.

| | | BENE | CASH | ENV | PPL | GRW | RECOG |
|-------------|-------|-------|-------|-------|-------|-------|-------|
| Correlation | BENE | 1.000 | | | | | |
| | CASH | 0.739 | 1.000 | | | | |
| | ENV | 0.456 | 0.245 | 1.000 | | | |
| | PPL | 0.354 | 0.170 | 0.375 | 1.000 | | |
| | GRW | 0.497 | 0.312 | 0.532 | 0.376 | 1.000 | |
| | RECOG | 0.388 | 0.119 | 0.690 | 0.440 | 0.478 | 1.000 |

Table 14: Initial Correlation Matrix Data.

Bartlett test is significant at .000 (<0.001), indicating that there is significant correlation among the selected variables. Measure of Sampling Adequacy (MSA) is in the ranges of (0.7<0.730<0.799) in which it also shows that the variables has middling correlation among the variables (Table 14).

The correlation matrix shows approximately that there are more than 50% correlations that are significant and greater than 0.25 (Table 15).

Individual MSA are all more than 0.5, however, in communalities, for the variable "PPL" shows less than 0.5. Hence this variable would need to be removed and factor extraction to be performed with the exclusion of "PPL" (Table 16).

b) **Factor Extraction after the removal of variable "PPL":** KMO and Bartlett's Test after removing variable "PPL" was shown in Table

17. Factor Extraction after the removal of variable "PPL" were shown in Tables 18-20,

After removing variable PPL, Bartlett test is still significant at 0.01. All other variables are correlated with at least one variable. All correlation are with coefficient value of more than 0.25 (>50%). However, MSA fall to below 0.7 (0.685). Communalities are all more

| | | BENE | CASH | ENV | PPL | GRW | RECOG |
|------------------------|-------|--------|--------|--------|--------|--------|--------|
| Anti-image correlation | BENE | 0.672a | | | | | |
| | CASH | -0.723 | 0.568a | | | | |
| | ENV | -0.107 | -0.022 | 0.767a | | | |
| | PPL | -0.145 | 0.056 | -0.019 | 0.876a | | |
| | GRW | -0.203 | -0.005 | -0.231 | -0.131 | 0.888a | |
| | RECOG | -0.161 | 0.205 | -0.537 | -0.217 | -0.116 | 0.718a |

Table 15: Initial Measure of Sampling Adequacy (MSA).

| | Initial | Extraction |
|-------|---------|------------|
| BENE | 1.000 | 0.869 |
| CASH | 1.000 | 0.906 |
| ENV | 1.000 | 0.719 |
| PPL | 1.000 | 0.451 |
| GRW | 1.000 | 0.578 |
| RECOG | 1.000 | 0.773 |

Table 16: Communalities.

| | |
|--|-------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | 0.685 |
| Bartlett's Test of Sphericity Sig. | 0.000 |

Table 17: KMO and Bartlett's test after removing variable "PPL".

| | | BENE | CASH | ENV | GRW | RECOG |
|-------------|-------|-------|-------|-------|-------|-------|
| Correlation | BENE | 1.000 | 0.739 | 0.456 | 0.497 | 0.388 |
| | CASH | 0.739 | 1.000 | 0.245 | 0.312 | 0.119 |
| | ENV | 0.456 | 0.245 | 1.000 | 0.532 | 0.690 |
| | GRW | 0.497 | 0.312 | 0.532 | 1.000 | 0.478 |
| | RECOG | 0.388 | 0.119 | 0.690 | 0.478 | 1.000 |

Table 18: Correlation matrix data after removing variable "PPL".

| | | BENE | CASH | ENV | GRW | RECOG |
|------------------------|-------|--------|--------|--------|--------|--------|
| Anti-image Correlation | BENE | 0.648a | | | | |
| | CASH | -0.723 | 0.556a | | | |
| | ENV | -0.111 | -0.021 | 0.732a | | |
| | GRW | -0.226 | 0.003 | -0.236 | 0.869a | |
| | RECOG | -0.199 | 0.223 | -0.555 | -0.149 | 0.674a |

Table 19: Measure of Sampling Adequacy (MSA) after removing variable "PPL".

| | Initial | Extraction |
|-------|---------|------------|
| BENE | 1.000 | 0.868 |
| CASH | 1.000 | 0.905 |
| ENV | 1.000 | 0.790 |
| GRW | 1.000 | 0.600 |
| RECOG | 1.000 | 0.805 |

Table 20: Communalities after removing variable "PPL".

| Component | Extraction Sums of Squared Loadings | |
|-----------|-------------------------------------|--------------|
| | % of Variance | Cumulative % |
| 1 | 56.043 | 56.043 |
| 2 | 23.320 | 79.363 |

Table 21: Total variance explained after removing variable "PPL".

| Rotated Component Matrix ^a | | |
|---------------------------------------|-----------|-------|
| | Component | |
| | 1 | 2 |
| RECOG | 0.896 | 0.038 |
| ENV | 0.869 | 0.185 |
| GRW | 0.684 | 0.364 |
| CASH | 0.040 | 0.950 |
| BENE | 0.369 | 0.856 |

Extraction Method: Principal component analysis.
 Rotation Method: Varimax with Kaiser normalization.
 a. Rotation converged in 3 iterations.

Table 22: Rotated component matrix after removing variable "PPL".

than 0.5. Since its still within the standards, we shall proceed with the factor analysis (Table 21).

Promax rotation method was selected to do the rotation.79.36% of the variation in 5 variables is explained by 2 factors. This is acceptable for a social science study Table 22.

Based on the rotated component matrix, we will group it as 2 factors as below:-

- Factor 1 - RECOG, ENV, GRW
- Factor 2 - CASH, BENE

Influence of the factors on the retention of employees in an organization

After the factors were derived from the various independent variables, regression test was used to analyze the overall influence of both the factors above against the dependant variable which is career growth (Tables 23-25).

F test shows overall regression is significant. An R square show 0.556 which is 55.6% of the variation in rating of career growth is explained by regression. The fit is positive and good. Salary adjustments and additional benefits would have negative influence in employee retention at the 1% level; however a good environment, engaging people, constant recognition and career advancement has a significant strong positive influence in ensuring retention of employees in an organization at the 1% level. VIF is also <10, hence there is no sign of multi co-linearity.

As a conclusion, it is most likely that salary adjustments and additional benefits or perks in the salary package would not be the main reasons on employee retention, in which as evidenced, retention of employee comes from the main factors of having a good environment, constant recognition of the excellent work done and good career advancement (Figure 5).

Recommendation and Limitation of Study

Recommendation

Based on the findings and results all the factors leading to employee retention in an organization are highly correlated with each other. Therefore, organization should place equal emphasize on all the factors influencing employee retention. Organizations should not ignore or neglect any of the factors as neglecting will cause employees to be dissatisfied. In accordance to the Herzberg's two-factor theory, the factors identified growth and development, working culture and environment, remuneration, recognition and empowerment are motivating factors in an organization that are primary causes of job satisfaction. For example, world top institutes developer motivates

employees by taking into account all the needs. They provide on-site day care, excellent medical benefit plan, training opportunities, assistants to help on personal matters and many other additional perks. Organization should look at broad retention elements and not limit to traditional approach or methods as globalization is changing the needs of employee.

The findings also show that remuneration, growth and development factors are the leading factors of retention. In order to develop human capital resources, employees should be constantly sent for training and development activities. However, there are chances for employees to leave the organization if provided with various development opportunities; therefore organization can consider attaching bond to the training. For example, for an external overseas training a company can attach a one year bond period for the employee. This can avoid employees from leaving the organization after attending the training or reaches maximum potential. Besides that, organizations should link remuneration to employee's performance to maximize the benefit for all parties. According to The Porter and Lawler Model, reward based

| Model Summary | | | | |
|---------------|--------|----------|-------------------|----------------------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | 0.746a | 0.556 | 0.552 | 0.99075 |

a. Predictors: (Constant), FACTOR2, FACTOR1

Table 23: Model summary table.

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|---------|--------|
| 1 | Regression | 240.070 | 2 | 120.035 | 122.286 | 0.000a |
| | Residual | 191.410 | 195 | 0.982 | | |
| | Total | 431.480 | 197 | | | |

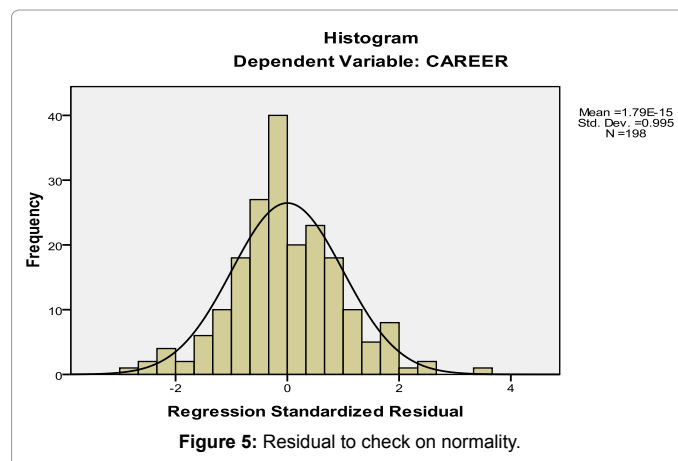
a. Predictors: (Constant), FACTOR2, FACTOR1
 b. Dependent Variable: CAREER

Table 24: ANOVAs table.

| Model | | Unstandardized Coefficients | | t | Sig. | Collinearity Statistics | |
|-------|------------|-----------------------------|------------|--------|-------|-------------------------|-------|
| | | B | Std. Error | | | Tolerance | VIF |
| 1 | (Constant) | 1.717 | 0.439 | 3.914 | 0.000 | | |
| | FACTOR1 | 0.803 | 0.056 | 14.292 | 0.000 | 0.830 | 1.205 |
| | FACTOR2 | -0.006 | 0.052 | -0.109 | 0.914 | 0.830 | 1.205 |

a. Dependent Variable: CAREER

Table 25: Coefficient table.



on performance has a high influence on employee motivation and enthusiasm. If an employee is motivated to perform the job, there are high chances for the employee to stay longer in the organization.

Employees' needs are the same for both male and female. In the previous era, glass ceiling was a barrier for females to advance in the organization but the situation has now changed. Consequently, gender discrimination in term of the factors influencing retention should be avoided by organization in order to retain talented female employees.

However, organization should take note that there are chances for the retention factor to differ or in the event the factors are same the weightage distribution may differ among industry due to the different nature of the industry. Organizations can look at best practices or lessons learned by different industries but develop a strategy unique for the company and aligned with specific employee needs.

Besides, it is found that employees with higher qualifications tend to stay shorter in the organization and employees with lower qualification stays for a longer period of time. Most probably the reason is that the high qualified employees can find a new job in other company and most of the time will be going for a higher position. Hence, it is very crucial for organizations to make the job as attractive as possible to retain corporate top talents.

Limitation of study

Firstly, the respondents were mainly executives in this study. A wider range of position would constitute a better study of employee

retention. Besides that, time constraint imposed a limitation on the number of more respondents and industries. As retention factors may differ based on industries, conducting a study on many industries can provide a more apparent result on the influence of industry on retention. Due to the small scale research the sample size was also not sufficient to represent the whole population the objectives and analysis should be tested for a larger data set.

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Citation: Mbayong NA (2016) How To Keep the Talent You Have Got; Constructing Factors Related to Worker Retention. Arabian J Bus Manag Review 6: 230. doi:[10.4172/2223-5833.1000230](https://doi.org/10.4172/2223-5833.1000230)

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