Does Employee retention affect Organizational Competence?

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Abstract

Purpose: The purpose of this study is to determine the factors that affect employee retention and to analyze the relationship between the factors of employee retention and organizational competence.

Approach: A model is proposed that illustrates the factors as rewards. Career development opportunities, work environment and supervisor support affects employee retention in organizations and also demonstrates the relationship between factors affecting employee retention and the organizational competence.

Findings: Results illustrates that rewards, career development opportunities, supervisor support and work environment have a positive relationship with employee retention as well as the development of organizational competence by retaining employees.

Keywords: employee retention, competencies, organizational competencies.

1. Introduction

Various studies have revealed that more challenging issues have emerged while developing organizational competencies. And years passed in resolving those issues some of which were directly or indirectly related to human side of the organizations. Retention challenge is due to greater movement in global learning society. As the world is moving towards more industrialization employment opportunities are also keeping pace with this development. Hence employee retention has gained the attention as a major issue in the development of organizational competence. Management can no more influence the decision of employees, to leave or to stay. Employee retention has become a critical factor of influence for performance of the larger organizations. Several factors generates a significant influence on employee retention either increasing or not. Individuals have become more demanding regarding their jobs and tasks.

Some of those factors are acknowledged in this study. Those factors comprised of rewards systems in any organization, career and growth opportunities for the individuals to keep pace with the skills and knowledge, supervisor support and particularly the work environment provided to the workers. Several researchers stated employee retention as the process of holding up those employees that are the key source of organizational competence. Elevated quit rates are a considerable cost to organizations, because they increase costs (Oi 1962) and reduces organizational performance (Norsworthy and Zabala 1986 cited in Batt, Colvin And Keene, 2002). It is obvious from the author's view that selecting and recruiting is costly for the organizations, but it is even more costly when skilled workers leave the organization.

Research have shown that rewards, career progressing opportunities, a supporting boss and a meaningful work climate provides organizations with improved ability to attract more skilled workers and also retaining the talented ones. Due to the system enriched with such effective systems employees are more likely to stay with their current organizations which are the key developer of productive organizations. Organizations concerning with individuals interest may be the winners in the competitive environment and compete with human skills and abilities toward more integrated and coordinated competency.

Further sections of the study will reveal the effect of these factors in detail and also the effect of these factors collectively on organizational competence through the literature and the proposed model including

research hypothesis.

2. Literature Review

2.1. Employee Retention:

Frank et al. (2004) define retention as "the effort by an employer to keep desirable workers in order to meet business objectives" (Natalie et al., 2011). Retention is the ability to hold onto those employees you want to keep, for longer than your competitors (Johnson, 2000 cited in Madiha. et al., 2009).

The retention should be analyzed at more than just a single level the influence of employee retention can arise at multiple levels (Klein et al., 1994; Klein and Kozlowski, 2000; Raudenbush and Bryk, 2002; Yammarino and Dansereau, 2004 cited in Madiha. et al., 2009).

Retention is considered as multifaceted component of an organization's human resource policies. It begins with the hiring of right people and persists with working agendas to keep them involved and devoted to the organization (Freyermuth, 2004 cited in Madiha et al., 2009).

2.2. Organizational Competencies:

In order to compete more effectively, bundle of skills and technologies that facilitate an organization to offer a particular advantage to a customer are required that is what we mean by organizational competencies. Organizations have two types of competencies, essential competencies and differentiating competencies. Competencies that enlist generating value are essential competencies and that gives a particular organization or groups of organizations a competitive edge, are distinguishing competencies as market share, scientific status and these differentiating competencies are as the competitive weapons (Itami, 1987) and foundation for the competition in the future (Stalk et al., 1992 and Lawler et al., 2001 cited in Bolton and Olson, 2002).

According to Prahald and Hamel,"An Organizational competence is what a business does well – what it outshines at".they further elaborate that those companies compete most productively who recognize and direct organizational competence (Squires).

Prahalad and Hamel's felt stunted in explaining that to sustain the firm's core competence what can be done about the skills and knowledge requirements. And certain skills and knowledge survival in the organization are required in order to recognize the significance of core competence as a business potential. Therefore employees must have the true skills and knowledge at the correct time, at the right place and in the right amount for the core competence to be recognized and influenced to the firm's benefit (Squires).

Various firms describe the required competencies on the basis of the objectives acknowledged within framework of the strategic plan maps. As organizational competencies have its major focus on the first word "organizational". "It is the organization as a whole that must perform – not just an individual employee". Organizational competencies can be defined as the mixture of vital skills, essential information, appropriate performance procedures and the true corporate culture that the company entails to accomplish its mission (Coates and Associates, 2008).

2.3. Factors of Employee Retention:

Now in this portion of the study factors that are affecting employee retention will be explained one by one:

2.3.1. Rewards:

In several studies the word reward is somewhat that organizations offer to the employees in response of their performance and effective contributions and at the same time the desires of employees (Agarwal, 1998 cited in Sheikh and Qamar and Iqbal).

There are various forms of rewards in a corporate environment of the organization that is cash bonuses, appreciation awards and free commodities. Rewards exerts a long lasting thought on the workers and keeps on demonstrating the worker's opinion that they are appreciated (Silbert, 2005 cited in Madiha et al., 2009).

Rewards play a significant role in job satisfaction as they accomplish the basic necessities as well as

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facilitate to achieve the higher levels of goals. Earning is considered by the employees as the means to identify that either they are achieving by devoting their precious time, efforts and skills in a job (Bokemeier & Lacy, 1986 cited in Madiha et al., 2009).

Reward system of any organization affects the employee performance and their aspiration to stay employed (Bamberger & Meshoulam, 2000, MacDuffie, 1995). Striking compensation offers accomplish the financial and substantial desires and also considered as a means of establishing social networks by employee's ranks and place of authority in organization so it is the significant factor of retention. It is further described that a major difference among workers exists in acknowledging the worth of financial rewards for employee retention (Pfeffer, 1998; Woodruffe, 1999 cited in Madiha et al., 2009).

As a consequence of performance and contribution, organizational rewards are the returns or benefits given to the employees as an appreciation and are regarded as the effective source of attracting and retaining (Lawler, 1981; Milkovich & Wigdor, 1991; Zenger, 1992). Knowledge workers play a significant role in the organization's long term performance, therefore they are employed by using striking types of compensation packages and it is considered as substitution of loyalty among knowledge workers (Igbaria, Greenhaus, & Parasuraman, 1991; Lum, Kervin, Clark, Reid & Sirola, 1998; Liu, 2004 cited in Foong-Ming, 2008).

Retention is largely influenced by rewards as organizational rewards have a satisfaction-impact on them and they thought it to be costly to leaving such a competitive reward and consider them as they will not find such rewards anywhere, hence they decide to stay. Organizations attach measurably and psychologically, the employees through these rewards (Becker, 1960) and considering these rewards as a satisfactory form of appreciation employees will stop thinking about opportunities from other organizations (Foong-Ming, 2008).

Often effective compensation strategies, offers organizations a competitive edge by enhancing their ability to attract and retain employees. Hence, the scope and administrative intricacy of compensation systems persists to enhance and the employees are getting more concerned in benefit cost restraint (cf. Bergmann, Bergmann, & Grahn, 1994 cited in Sinclair, Leo and Wright, 2005).

Compensation and benefits are the most recognized and major factors among organizations retention strategies. The influence of employee compensation, rewards and appraisals is described in most researches on turnover and retention (Becker and Huselid, 1999; Cho et al., 2006; Guthrie, 2001; Huselid, 1995; Milman, 2003; Milman and Ricci, 2004; Shaw et al., 1998;   1993; Walsh and Taylor, 2007; Youndt et al., 1996). Extremely competitive wage systems endorse the employee commitment and consequently attract and retain superior workforce (Becker and Huselid, 1999; Guthrie, 2001; Shaw et al., 1998 cited in Moncarz, Zhao and Kay, 2008).

Shaw et al.'s (1998) research further illustrated that employees will stay with an organization as long as it serve up their self-interest to do so better than the choices available to them elsewhere. (Moncarz, Zhao, Kay, 2008).

2.3.2. Career Development Opportunities:

Identifying the developmental strategies that can motivate the employee commitment to the mission and values of organizations in order to motivate them and assisting the organization to achieve and maintain a competitive edge, is the emerging issue for the HR managers (Graddick, 1988 cited in Madiha et al., 2009)

Gaining innovative skills and getting benefit of many diverse systems of learning beneficial to employees and organizations is what studies demonstrated as "Development" (Simonsen, 1997). Employees consider their capabilities to gain on the job consequences and thinking themselves responsible for career, as their advantage by acknowledging satisfaction experience where as organizations get advantage by encompassing skilled and more productive employees. Employees perceive skill development opportunities and career progress as major attractors to organizations (Kreisman, 2002; Dibble, 1999 cited in Kreisman, 2002).

Hall, (2002) illuminated that Career development opportunities are considered as imperative factors both in organizational and individual context. Other studies stated it as a mutually benefiting process as it provides

significant results to both parties, employees and the organization (Hall, 1996; Kyriakidou and Ozbilgin, 2004). To sustain a competitive edge, organizations need talented employees, contrarily employees need career developing opportunities and competence development (Prince, 2005 cited in Madiha et al., 2009).

Career development Opportunities is imperative for both the organization and individual (Hall, 2002). It's a mutual benefit process because career development provides the important outcomes for both parties (Hall, 1996; Kyriakidou and Ozbilgin, 2004). Organizations need talented employees for maintaining the sustainable competitive advantage and individuals require career opportunities to develop and grow their competencies (Prince, 2005 cited in Madiha et al., 2009).

Huselid (1995) argued that knowledge, skills and the abilities an organization's existing and prospective employees can be enhanced by holding on the career-related functions, and also improves the retention of quality workforce. Within the organizations, the opinion about prospects development opportunities motivates the employees for up to expectations performance (Vroom, 1964), hence remain with the company to reveal their skills and abilities. Promotion brings a positive change in employees, it signifies that organization is aware of and evaluating the employees performance through formal promotion (Foong-Ming, 2008).

To remain in the current jobs, career growth, learning, and development are the major three bases. A cooperative supervisor gives opportunities to learn, challenges, and growth on their jobs equivalent to their abilities and ambitions. A supervisor supports employees to develop the task itself along with their capabilities and keep themselves upgraded in their expertise (Kaye and Evans, 2003).

Kanter (1977) determined that strongly controlled developmental opportunities causes employees to separate themselves from their bosses and strongly opposed organizational demands particularly in larger organizations. Stout et al. (1988) stated, Employees presented negative responses as decreased promotional motivations and reduced organizational commitment, and even more inclination to quit the job. Hence negative responses from employees including declined organizational commitment and increased chances to leave are strongly influenced by enlarged job tenure (Taylor, Audia and Gupta, 1996).

Judge et al., (1995) stated that Employee's satisfaction with their career achievements is generally termed as career satisfaction also evaluated as career success. Career satisfaction can be predicted through factors as goal-specific environmental maintenance and resources that offers social and material supports for personal goals of employees (Barnett, Bradley, 2007 cited in Joo and Park, 2009).

In recent researches it is argued that employees have a less propensity to leave only if they feel that they are learning and developing. Conversely they instigate to externally seek for better alternative job opportunity (Rodriguez, 2008 cited in Natalie et al., 2011).

2.3.3. Supervisor Support:

Ontario, (2004) stated **"**the supervisor support is so essential to retention that it can be said that employees leave bosses, not jobs" (Madiha et al., 2009).

Association between workers and the boss is a significant factor that influences the employee retention as supervisors are the "human face" of the organizations. Employee's relationship with a supervisor strongly affects the employee's opinion about the organization (Eisenberger and associates, 1990). Supervisor's support is an essential factor to change the worker's propensity to quit and create high involvement in job by establishing strong relationship and free interaction with the supervisor (Greenhaus, 1987 cited in Madiha et al., 2009).

After a two year survey of more than three thousand employees in different job functions and industries demonstrated that manager, bosses and team leaders or who direct and work together with workers have a large influence on the satisfaction or dissatisfaction of employees with their jobs. Or briefly, it can be said that employees look for other opportunities elsewhere as a consequence of "problems with the boss". Issues that exert or force the satisfaction and commitment in employees are mostly under the charge of manager, supervisor or the team leader (Kaye and Evans, 2003).

Supervisors play a significant and differentiated part that is distinguished from anyone else in the

organization so the supervisor becomes an essential player. His role is as a catalyst i.e. one who can understand each employee and reveals his or her distinctive ability and adapt them into performance (Buckingham and Coffman, 1999). Manager must interact with every employee at a time to motivate and retain the efficient workers. As satisfaction is considered the major element in employee's decision to quit or to stay In the organization, therefore a good boss will assist the efficient employees to seek satisfaction in their job (Buckingham, Coffman, 1999; Kreisman, 2002 cited in Kaye and   Evans, 1999).

Borstorff & Marker (2007) determined that workers desire trustworthy bosses who recognize them, appreciate them and behave fairly with them. Violent supervisors incorporate conflicts in employee's attitude regarding the job, life and organization. It is of no matter whether the environment is formal or informal, in larger organizations employees react more to appraisals, encouragement and supervisor support (Silbert, 2005 cited in Madiha et al., 2009).

Silbert (2005) reported that well skilled and having good positions may seek similar job anywhere else but the more effective mean to retention is to encourage support and widen close relationships on the job. Freyermuth (2007) illustrated that, to properly establish the place where workers desire to stay, organizations need to groom up supervisors or managers. Their capabilities can be improved by providing performance and opportunities at every level of their job (Otis and Pelletier, 2005 cited in Madiha et al., 2009).

2.3.4. Work Environment:

Although learning and growing opportunities seems to be significant for the employee retention (Arnold, 2005; Echols, 2007; Herman, 2005; Hiltrop, 1999; Hytter, 2007; Michaels et al., 2001; Rodriguez, 2008; Walker, 2001), an organization needs to develop a supportive learning and challenging work environment. Prior studies derived the idea of "learning and working environment" (Abrams et al., 2008; Birt et al., 2004; Bouwmans, 2006; Christiaensen et al., 2009; Kyndt et al., 2009; Van Hamme, 2009; Visser, 2001). It generally relates with the climate where employees can learn and perform. Particularly, support and aspiration at work, stress of work, degree of empowerment and the responsibility that workers acknowledge, alternatives in the job tasks and development, stipulation of challenging and significantly meaningful work and developmental opportunities, are the other concepts that describes the term working environment (Natalie et al., 2011).

Major and significant factors in job satisfaction of employees include challenging and meaningful work that distinguishes or generate contributions in the society. These may be associated one more significant factor, the desire of sense of belonging to the group or team and in this way they also want to feel linked to one's task and mainly to the society   through one's task. Being capable of controlling implying developments in work assignments, procedures, programs and measurements are included in this meaningful work climate. Employees get stressed form the bosses who control excessively with attention or did not delegated properly. Some employees feel satisfied by taking other's works responsibility on themselves and even more pleased in getting and achieving those challenges in the job. It makes the employees feel more pride in their achievements and is more excited in their work (Kaye and Evans, 2003).

Miller, Erickson & Yust (2001), stated workers think them to be valued in the work climate that offers them a sense of belonging. Sometimes employee satisfaction and retention can be attained by offering proper level of privacy and proper control on the workplace which improves the motivation intensity to be loyal with organization, in organizations having munificent personalization procedures and strategies (Wells & Thelen, 2002 cited in Madiha et al., 2009).

Various studies determined that employees with positive experience related to job hours, sense of job fulfillment and greater degree of job satisfaction have a lower propensity to leave their current bosses. Whether workers stay with the organization mainly depends on the level to which their workers or employees react to their expertise growth although it is necessary to earn more salary and compensation enclosed with job. They analyzed that most committed employees to accomplish challenging tasks are the ones more probable to stay with their companies (Walsh and Taylor, 2007 cited in Moncarz, Zhao and Kay, 2008).

It is widely thought that work climate give employees the opportunity to progress and develop which is a critical factor to retention (Benson, 2006; Jamrog, 2004). Regarding Frank (2004), "employee retention and employee engagement are joined at the hip." Declined propensity to leave and enhanced retention are the results of employee increased involvement (Corporate Leadership Council, 2004). Various practices e.g. rewards as a way of superior employee's retention, accepting everything considered valued in the employment relationship encourages employee involvement and engagement (O'Neal, 2005; Rumpel & Medcof, 2006 cited in Nelson and McCann).

2.4. Effect of Employee Retentions' Factors on Organizational Competence:

Organizations that may possibly be the champions or the players can be established when three important factors are combined and those three all related to human side of the organization i.e. human capital, organizational capabilities and the organizational competencies. All these move simultaneously in a way as organizational capabilities and organizational competencies need right kind of human resource in order to be formed and maintained by organizations as both need ever more than efficient employees (Lawler III).

As argued by Prahald and Hamel, organizations that acknowledge and direct their organizational competencies efficiently competes more productively and effectively (Squires).

Retaining employees is the key issue in current business environment. Without well incorporated staff in the organization and putting their greatest effort, success can never be long term. Problems existing in the personnel or in a sense human capital, have unforeseen influences that cause troubles with training, planning and decision making. So it clarifies the reason why employees leave the organizations. When talking about global organizations, multicultural concept has to be considered and it must not be done just with organizations profit, but also with the concerns of the people who structure this valuable workforce. The Slogan "Our people" are our most key assets will acquire on a deeper meaning, meant for it is the attentiveness and performance of people of organizations that concludes how well the organization utilize all its other resources (Moore-Ede, 1993:191 cited in Rennie.W.H, 2003).

Cole (2000) stated that employees are more likely to stay with organizations that give them the sense of pride and they will work to their maximum potential due to some rationales as work climate, rewards, opportunities to develop and grow and the work life balance (Madiha et al., 2009). Major cost to organizations is due to more employees quitting the job, these quit rates raise labor costs (Oi 1962) and lower organizational performance (Norsworthy and Zabala 1986 cited in Batt, Colvin and Keefe, 2002).

Several factors e.g. presence of challenging and meaningful work, opportunities for development and growth, level of empowerment, responsibility and managerial integrity and coordination affect the employee retention in various organizations (Birt et al., 2004). Walker (2001) determined that compensation and appreciation of the task accomplished, challenging and meaningful work climate, learning opportunities, and strong relationship with workers, better work-life balance, better coordination within the organization, are the key factors that support retention. Factors such as rewards, style of leadership, development opportunities, training and work environmental conditions somewhat directly affect employee retention (Hytter, 2007). It is considered as a fact that growth and development opportunities and training influences the employee retention which as a consequence affect organizational competitive abilities and it was also approved by researchers as Arnold (2005), Herman (2005) and Hiltrop (1999) (Natalie et al., 2011).

Various factors of engagement and employee retention that comprised of organization's acceptance to satisfy personal needs and family interests, offering career development opportunities, attractive salary offerings, and intellectual challenges, were determined by Smith and Rupp (2002). Sutherland (2004), contrarily, stated that employee work duration cannot be predicted only by job satisfaction and their organizational commitment some other important factors that comprises of autonomy, development opportunities, rewards related to performance and challenging job tasks are also influential (Nelson, Joseph and McCann).

Becker, (1960) stated that Rewards associate employees measurably and psychologically with the organization. Behavioral researchers of organizations (Meyer & Smith, 2000; Rhoades et al., 2001)

illustrated that rewards system of organizations represents the appreciation and acknowledgement of employee performance. He further explained that tenure, skills and work experience are the cause of increments in pays, and satisfaction increases with rewards, hence it involves from both parties to spend time and efforts in order to stay with the employment relationship. Regarding the manager's opinion, in exchange for improvement in performance by the workers, amount of pay shows the intensity and eagerness to invest on the employees by the organization. Hence, employees thinking rewards to be the factor of satisfaction will not think about other opportunities from any other organization (Foon-ming, 2008)

McDonald & Smith, (1995) describes, considering proper feedback and contingent rewards as the core of performance management (Marshall, 1998), and also that both must be directly associated with business strategy, it has been represented that this arrangement has a considerable influence on the financial and productivity procedures of the organizations. Pay for performance and accurate feedback as 360 degree type and form an influential instrument for administrating organizational performance. (Cunha. et al).

Winning organizations initiates a learning environment aiming at their particular organizational competence. Individual competencies are considered to be the major concern to victory. Competencies differ through organizations, although some of the successful organizations having similar competencies. Competencies are always changing related to the environment in the organizations. This relates to the concept that to keep pace and maintain the competitive edge it has become significant for the organizations to develop learning environment and every employee to continuously grow and develop (Saylor, 2008).

Milory (2004) illustrated that workers gain from working, and struggle rigidly to work in those organizations that provides encouraging job settings where they think they are making a differentiation and where of the staff in the organization is capable and pulling together to create advancement in the organization (Madiha et al., 2009).

Strong workplace functions support increased meaning and rationale in the work environment which are the key elements in any workplace environment. Nahapiet and Ghoshal, (1998) scrutinized that formation of "shared representations, interpretations, and systems of meaning among parties is essential for successful workplaces". A feeling of creating a useful contribution to the organization and also to the society is developed through meaningful job (Hodson and Roscigno, 2004).

Organizations offering three times more career growth opportunities are considered to be the successful performers than those evaluated to be under average performers. Although career growth and development opportunities develop skills and abilities that facilitate organizations to accomplish their strategic objectives and missions, they also deal with motivators energizing workers to exert their abilities to best possible use. Employees seek challenges in their jobs and desire to add up meaningfully to the organizational success. Career development encourages involvement and improves the performance of the workers as well as the organization by providing employees to seek meaning and challenge in their jobs (Scales, 2010).

"Holonic" is derived from the word "holon" introduced by a Hungarian philosopher Arthur Koestler (1967). The word holon combines the Greek *holos* meaning *whole*, with the suffix *–on* meaning a *particle* or *part*, is used to describe a basic unit of organisation in biological and social systems. Koestler found that fully self-supporting, non-interacting entities did not exist in living organisms as well as social organisations. Consequentially, every identifiable unit of organisation, such as a single cell in an animal or a family unit in a society, is composed of more basic units (e.g. plasma and nucleus, parents and siblings) while at the same time is forming a part of a larger unit of organisation (e.g. a muscle tissue or a community). The other characteristics of holons include:

- As self-reliant units, holons have a degree of independence and handle circumstances and problems on their particular levels of existence without reaching higher level holons for assistance. The self-reliant characteristic ensures that holons are stable, able to survive disturbances.

- Holons receive instruction from and, to a certain extent, be controlled by higher level holons. The subordination to higher level holons ensures the effective operation of the larger whole.

- Holons cooperate with peers in order to organise and reorganise themselves based on mutually acceptable plans. This is for solving any problem or conflict they might encounter from time to time, and ultimately, serving the goals of the larger whole.

The sub objectives of the study is to identify the factors of employee retention and also to examine the relationship between the factors of employee retention and organizational competence.

3. Proposed Model for Employee Retention:
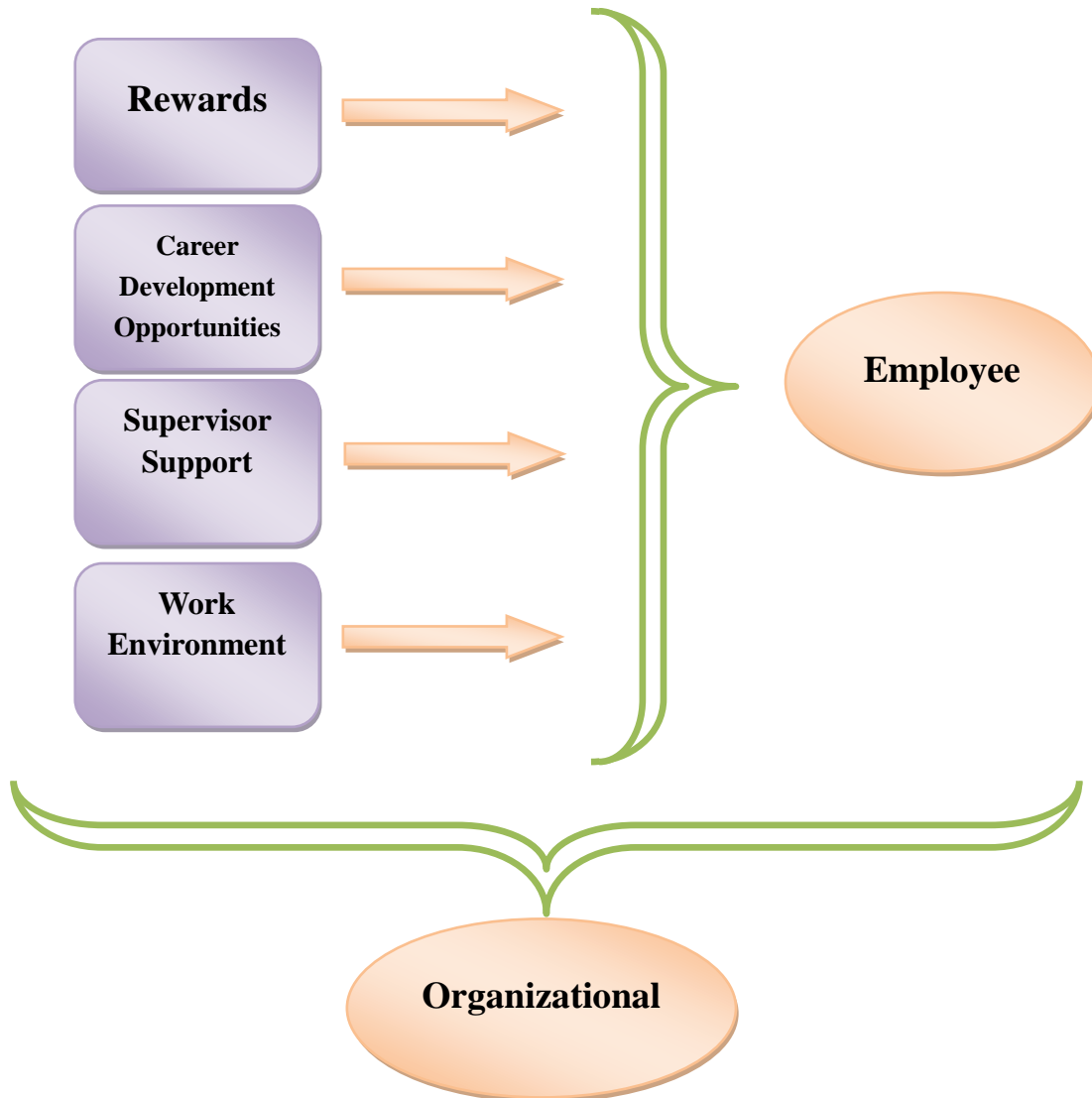
The proposed model of this study illustrates that there are certain factors as reward systems of organization, career development opportunities for the workforce, cooperative or supportive supervisors and the basic meaningful and challenging work environment for the workers, which influence the employee retention when adopted. And all these factors along with employee retention have a major affect on the competence of the organizations or on leading it to the victory.

4. Hypotheses:

H1: there is an effect of rewards on employee retention

H2: there is an effect of career development opportunities on employee retention

H3: there is an effect of supervisor support on organizational competence

H4: there is an effect of work environment on organizational competence

H5: there is relationship between factors of employee retention and organizational competence

4.1. Effect of Rewards:

Agarwal (1998) explain the term reward as something desired by the employees from the organization in response to their contributions and performance (Sheikh, Qamar and Iqbal). The rewards as cash bonuses, recognition rewards, free merchandise and free trips have a lasting impression on the employee and it will continue to effect the employee's perception of being valued (Silbert, 2005 cited in Madiha et al., 2009).

As rewards fulfill the basic needs and helps to attain the higher level of goals so they are considered significant (Bokemeier & Lacy, 1986) Every individual have its own understanding about the importance of financial rewards for employee retention as demonstrated by many researchers (Pfeffer, 1998; Woodruffe, 1999 cited in Madiha et al., 2009).

Performance of employees and their desire to remain employed is affected by organizations reward system (e.g., Bamberger & Meshoulam, 2000, MacDuffie, 1995 cited in Madiha et al., 2009). The employees who are satisfied with organizational rewards choose to stay in the organization as they believe loosing such a competitive reward to be costly and will not find such compensation anywhere (Becker, 1960 cited in Foong-ming, 2008).

Various studies examined that employee compensation, rewards and recognition affects employee turnover and retention. (Becker and Huselid, 1999; Cho et al., 2006; Guthrie, 2001; Huselid, 1995; Milman, 2003; Milman and Ricci, 2004; Shaw et al., 1998; US Department of Labor, 1993; Walsh and Taylor, 2007; Youndt et al., 1996). Employee commitment is promoted by highly competitive wage systems and it results in the attraction and retention of a superior workforce (Becker and Huselid, 1999; Guthrie, 2001; Shaw et al., 1998 cited in Moncarz, Zhao and Kay, 2008). Hence the study represents that rewards have a positive effect on employee retention.

4.2. Effect of Career development opportunities:

To inspire the commitment of employees to the firm's mission and values, it is difficult to identify the developmental strategies, so that employees become motivated and assist the firm to attain and maintain the competitive advantage. (Graddick, 1988; cited in   Madiha et al., 2009).

Employees think themselves to be satisfied due to their ability to achieve results on the job and taking the responsibility for their career, they consider themselves benefited through this and the organizations gain by having skilled employees who are productive to the organization. Availability of Skill development opportunities and career movement are the major attractors to organizations as it is the view of customers. develvpment becomes the primary reason for employee resignation, if an organization does not recognize the individual's needs and desire to grow (Kreisman, 2002; Dibble, 1999; Kreisman, 2002).

Three of the major reasons that people stay in their existing jobs are career growth, learning and development. It is considered that a good Boss is that who gives opportunities for learning, challenges and growth on the job that are equivalent to the employee's capabilities and ambitions. A right boss supports employees to develop their work itself as well as their skills and keep themselves updated with latest advancements in their field (Kaye, Evans, 2003).

A career development opportunity is a mutual benefit process as it provides the significant outcomes for both parties (Hall, 1996; Kyriakidou and Ozbilgin, 2004 cited in Madiha et al., 2009). HR fnctions that holds career related functions can improve knowledge, skills and the abilities of an organization's current and potential employees, and improve the retention of quality employees (Huselid 1995) employees are motivated to perform upto expectations due to the perception of development opportunities in organizations

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(Vroom, 1964), so they stay with the company to show their skills and capabilities (Foong-Ming, 2008).

Employees work with loyalty and broaden their extra effort as they feel appreciated (Eisenberger et al., 1986). To seek self fulfillment with the organization, employees with promotion prospects are inclined to link their career opportunities and interest (Alderfer, 1972 cited in Foong-Ming, 2008).

As various researches has shown that employees are less inclined to quit the job, as long as they feel that they are learning and growing. Conversely, they start to look externally for innovative job opportunities, as they feel they are growing no longer (Rodriguez, 2008 cited in Natalie et al., 2011). Hence it is explained that career development opportunities positively affect employee retention.

4.3. Effect of Supervisor Support:

Ontario, (2004) stated that "employees leave bosses not jobs as a supervisor support is a significant factor to retention" (Sheikh, Qamar, and Iqbal).

Relationship between an employee and a supervisor is most important factor that affects employee retention. Eisenberger and associates (1990) described that relationship of workers with their supervisor strongly affects the workers opinion about the organization. Employees are less probable to leave an organization and get more committed through good relationships and free communication with the supervisor when a strong support exists (Greenhaus, 1987cited in Madiha et al., 2009).

Well skilled employees that have good positions may have another opportunity for similar job but the helpful way to retain those employees is to offer support and develop strong working relationship. Employees' capabilities to work well can be improved by offering each and every level of performance and opportunities (Otis and Pelletier, 2005 cited in Madiha et al., 2009).

As managers play a significant and a distinguished role different from any one else in the organization so the role of the manager gains more importance and this role acts as a catalysts that is someone "reach inside each employee and release his or her unique talents and convert them into performance" (Buckingham and Coffman, 1999 cited in Kaye and Evans, 2003).

Borstorff & Marker (2007) examined that employees desire trustworthy supervisors who distinguish them, understand them and treat them fairly. Violent supervisors generate clashes in worker's mind-set for job, life and organization. Regardless of whether the environment is personal or professional work force response to praise encouragement and support in every organization (Silbert, 2005 cited in Madiha et al., 2009).

Workers satisfaction or dissatisfaction with their jobs is strongly affected by the managers, supervisors, team leaders who direct and work together directly with the employees. Manager or the supervisor largely controls the factors that enhance employee satisfaction and commitment (Kaye and Evans, 2003). Consequently, employee retention is positively and directly influenced by supervisor's support.

4.4. Effect of Work Environment:

A sense of belonging in the work environment is considered to be more valued by the employees (Miller, Erickson & Yust ,2001). By offering suitable level of privacy and sound control on work place that improves the levels of motivation to be committed with the organization for long term, it is easy for the organizations with menufcent personalization strategies to satisfy and retain employees (Wells & Thelen, 2002 cited in Madiha et al., 2009).

Employees generally get frustrated by supervisors who manage with full attention or unable to delegate to other employees. Accepting and accomplishing challenges on the job is more satisfying to the employees. (Kaye and Evans, 2003).

Various studies described only those employees are more probable to remain with their existing bosses who had a positive experience regarding work environment, sense of fulfillment and even more job satisfaction. Walsh and Taylor (2007) stated that the extent to which the employees react to the professional development determines whether the employees stay with the organization or not. They found that the most committed employees to work on challenging tasks are those most willing to stay with the organization

(Walsh and Taylor, 2007; cited in Moncarz, Zhao and   Kay, 2008).

For the retention of talented employees learning and development opportunities considered as essential so learning and working climate must be encouraged in the organization (Arnold, 2005; Echols, 2007; Herman, 2005; Hiltrop, 1999; Hytter, 2007; Michaels et al., 2001; Rodriguez, 2008; Walker, 2001 cited in Natalie et al., 2011). These studies demonstrates that work environment have a positive influence on employee retention.

4.5. Relationship between Factors of Employee Retention and Organizational Competence:

Victorious organizations instigate a learning culture planning for their particular organizational competency. The competence of the workers in the organization is a central concern to triumph. This entails innovative competencies. Even though there are various related competencies in winning organizations, competencies differ through various organizations. In addition to the difference of competencies in every organization, the competencies are always shifting depending on the organizational setting. It is necessary for every organization to develop into a learning organization, and each worker to continually cultivate and develop, in order to move with the time speed and stay competitive (Saylor, 2008).

Cole (2000) scrutinized that a sense of pride make the employees to stay in that company and work to their fullest potential. Environment, rewards, growth and development and work life balance are the reasons to stay in the organizations (Madiha et al., 2009).

Organizational rewards enclose in it, admiration and appreciation of employee performance as argued by organizational behavioral studies (Meyer & Smith, 2000; Rhoades et al., 2001). In order to prolong employment relationship, both parties willingly invest time and effort because pay rises with tenure expertise and job understanding, contentment with rewards. An employer believes the amount of pay symbolizes the degree and eagerness to spend on workers in return for better performance (Foong-Ming, 2008).

Proper response and conditional rewards are the core of performance management (Marshall, 1998), that need to be directly associated with business approach and this combination has a foremost influence on the organizational monetary and productivity procedures (McDonald & Smith, 1995 cited in Cunha.et al).

Milory (2004) stated that individuals get pleasure from job tasks, and try hard to work in the organizations that present positive job setting wherever they experience they are building differentiation and where the majority of individuals in the organization are skilled and pulling collectively to progress the organization ahead (Madiha et al., 2009).

However, the cognitive features of improved meaning and rationale in job are vital components of the workplace setting that encouraging workplace practices tries to encourage. The construction of "*shared representations, interpretations, and systems of meaning among parties are essential for successful workplaces*" (Nahapiet and Ghoshal 1998, p. 244). Meaningful job give a sense of having completed a valuable contribution to the organization and to social network. (Hodson and Roscigno, 2004).

We moreover determined that organizations considered to be most excellent players are about three times more probable to offer career development opportunities than those thought to be under-average performers. Greatest performers identify that giving such opportunities operationalize. Career growth not only develops expertise and abilities that know how to facilitate organizations accomplish their planned goals, but moreover deal with the motivators energizing workers to put their skills and potentials to best possible use. Employees are searching for challenge in their work. They desire to give eloquently to their organization's victory. By preparing staff to uncover bigger challenge and importance in their job, career development encourages commitment and improves the performance of the workers and the organization in a similar way. (Scales, 2010)

Birt et al, (2004) reported "existence of challenging and meaningful work, opportunities for advancement, empowerment, responsibility, managerial integrity and quality and new opportunities/challenges" are the aspects that influence worker maintenance in organizations.

Walker (2001) also acknowledged seven reasons which can promote retention-compensation and admiration of the job performed; the prerequisite of challenging task; opportunities to become skilled at; encouraging interactions with colleagues; appreciation of potentials and performance contributions; better work-life equilibrium; and better communication inside the organization. Echols (2007) illustrates that, when merged with selective endorsement and salary action, the learning and growth procedure is influential retention activity. At last, Hytter (2007) confirmed that workplace issues for example rewards, management style, career growth opportunities, training and improvement of abilities, physical working setting, and work-life balance, affects retention but not directly. Effective training, and opportunities to be trained and grow, improve employee retention, which is confirmed by further studies of researchers for instance Arnold (2005), Herman (2005) and Hiltrop (1999) (Govaerts et al, 2011).

In particular, the idea can be expressed by relating it to direction and appreciation on job; stress of work; the degree of empowerment and responsibility that workers practice; alternative choices in job responsibilities and growth; prerequisite of challenging and meaningful work; and progress and development opportunities (Govaerts et al, 2011).

These all above studies explains that the identified factors and employee retention have a positive relationship with organizational competence as when these factors are adopted will enhance the organizational competence.

5. Conclusion:

The basic aim of this study was to identify the factors that influence any organizations skilled labors decision to stay or to leave the organization and simultaneously to analyze the effect that these factors and the employee retention exerts on the accomplishment of organizational goals and performance. From the above studies it is concluded that reward system of any organization regardless of its size, comprised on the decision of staying or leaving the present job. Either the compensation packages concerns with their interest and objectives or not, decides whether the employee is committed or not. Secondly the career and growth opportunities offered in the organization are according to employee's sense of fulfillment. More growth opportunities will generate more job satisfaction, hence low rate of leaving job.

Thirdly, super visors or the managers of the organization who are directing the employee play a vital role in employee retention. If bosses are supportive, encouraging and let employees to learn from mistakes, more the employees feel sense of pride in their jobs. Finally, challenging and meaningful work climate having aspects of sound control and increased level of privacy, drives the workers to be feel self accomplished and committed to their jobs. And the results also illustrated the effect of employee retention influencers on the organizational performance or can say the organizational competence. The whole study concludes that these factors positively affect employee retention and consequently also positively influences the performance of the organization in achieving its goals and missions.

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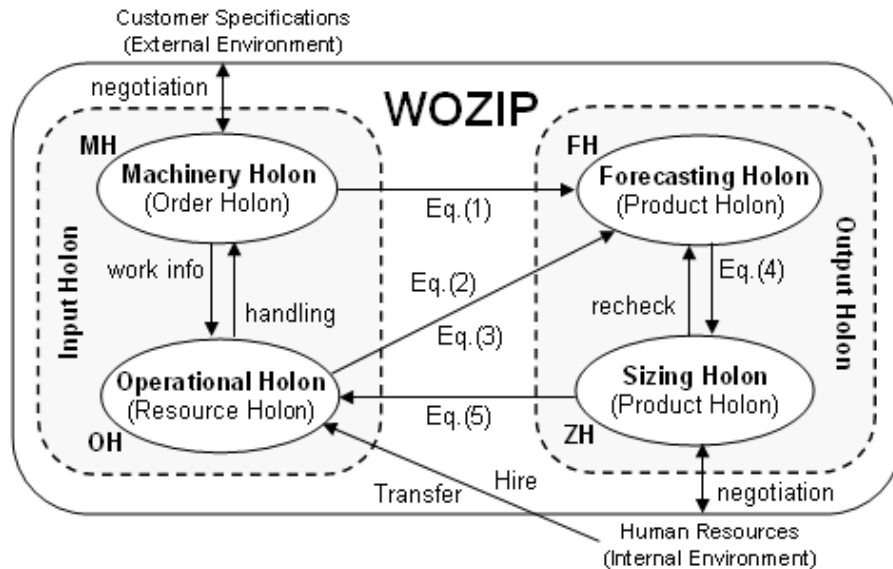
Figure 1. Architecture of WOZIP

Table 1. Datasheet of Mock-up Test

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Number of Machines, $N_M = 10$								F = forescast rate	
Maximum Utilisation, $U_{max} = 0.80$								Y = actual rate	
Smoothing Constant, $\alpha = 0.30$									
Year	Month	Rate						No. of Workers	Remarks
		Utilisation		Disturbance		Idling			
		F	Y	F	Y	F	Y		
1	Jan	0.80	0.75	0.06	0.04	0.15	0.20	9.25 (9)	lower δ_t
	Feb	0.79	0.70	0.05	0.07	0.17	0.23	8.84 (9)	
	Mar	0.76	0.66	0.06	0.09	0.18	0.25	8.38 (8)	
	Apr	0.73	0.60	0.07	0.11	0.20	0.26	7.93 (8)	
	May	0.69	0.55	0.08	0.09	0.22	0.28	7.43 (7)	
	Jun	0.65	0.49	0.08	0.12	0.24	0.28	6.76 (7)	decreasing U_t
	Jul	0.60	0.43	0.09	0.10	0.25	0.30	6.18 (6)	
	Aug	0.55	0.39	0.10	0.08	0.27	0.30	5.42 (5)	
	Sep	0.50	0.34	0.09	0.05	0.28	0.32	4.65 (5)	increasing χ_t
	Oct	0.45	0.30	0.08	0.04	0.29	0.32	3.76 (4)	
	Nov	0.41	0.25	0.07	0.08	0.30	0.33	2.95 (3)	
	Dec	0.36	0.23	0.07	0.12	0.31	0.30	2.31 (2)	
2	Jan	0.32	0.28	0.09	0.15	0.31	0.26	2.03 (2)	higher δ_t
	Feb	0.31	0.33	0.11	0.18	0.29	0.24	2.25 (2)	
	Mar	0.32	0.41	0.13	0.20	0.28	0.22	2.77 (3)	
	Apr	0.34	0.45	0.15	0.18	0.26	0.20	3.57 (4)	
	May	0.38	0.53	0.16	0.17	0.24	0.16	4.26 (4)	
	Jun	0.42	0.62	0.16	0.12	0.22	0.14	5.13 (5)	increasing U_t
	Jul	0.48	0.69	0.15	0.16	0.19	0.12	5.94 (6)	
	Aug	0.54	0.74	0.15	0.20	0.17	0.09	6.99 (7)	
	Sep	0.60	0.82	0.17	0.17	0.15	0.06	8.15 (8)	decreasing χ_t
	Oct	0.67	0.87	0.17	0.12	0.12	0.04	9.24 (9)	
	Nov	0.73	0.90	0.15	0.12	0.10	0.03	10.06 (10)	
	Dec	0.78	0.90	0.14	0.15	0.08	0.03	10.77 (11)	

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