Factors Affecting Employee Retention: A Comparative Analysis of two Organizations from Heavy Engineering Industry

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Abstract
The study explores to identify the main factors of retention management strategies in organizations. The organizations taken into consideration are two heavy engineering manufacturers based in India. The data was collected from 100 employees holding middle managerial positions in the two organizations. The Cronbach’s alpha of the questionnaire was found to be 0.823 & Pearson correlation was 0.951 (p<0.001). The factor analysis of the component ‘retention management strategies’ led to the extraction of 3 factors each from both the organizations. The factors for EEPL* were “competence & relationship oriented”, “scholastic & futuristic oriented” and “developmental & reward oriented”; while for MBPL*, the factor were “relationship oriented”, “competence & scholastic oriented” and “reward oriented”. The results indicate that these factors have substantial roles to play in making employees stay and how at middle managerial level different aspects are valued while deciding upon the retention strategies in similar contexts (i.e. sector).

Keywords: Retention Strategies, Employee Retention, Retention Management

1. Introduction

Employee retention issues are emerging as the most critical workforce management challenges of the immediate future. Researches have shown that in the future, successful organizations will be those which adapt their organizational behavior to the realities of the current work environment where longevity and success depend upon innovation, creativity and flexibility. In fact, the dynamics of the work environment will have to reflect a diverse population comprised of individuals whose motivations, beliefs and value structures differ vastly from the past and from one another. This phenomenon is especially true in light of current economic uncertainty and following corporate downsizings when the impact of losing critical employees increases exponentially (Caplan and Teese, 1997). Critical analysis of workforce trends points to an
impending shortage of highly-skilled employees who possess the requisite knowledge and ability to perform at high levels, meaning that organizations failing to retain high performers will be left with an understaffed, less qualified workforce that ultimately hinders their ability to remain competitive (Rappaport, Bancroft, & Okum, 2003) with managers facing a difficult challenge of motivating and retaining the employees in an environment of increased uncertainties (Mitchell, 2002). Retention rates generally falls as employees become distracted, confused and preoccupied with potential outcomes immediately following an organizational transition (Bridges, 1991). However, despite the vast literature on employee turnover, which is aimed at identifying factors that cause employees to quit (Griffeth, Hom, & Gaertner, 2000), much less is known about the factors that compel employees to stay. For example, Maertz & Campion (1998) noted “relatively less turnover research has focused specifically on how an employee decides to remain with an organization and what determines this attachment...retention processes should be studied along with quitting processes”. Steel, Griffeth, & Hom (2002) added “the fact is often overlooked, but the reasons people stay are not always the same as the reasons people leave”. In this study, we focus on comparing the retention management practices that makes people stay in two similar types of organizations. In other words, this study examines the reasons behind why employees stay and how these retention factors differ in two organizations of the same sector (here in our case, heavy engineering manufacturers) as both may value different aspects while deciding upon the retention strategies. This research analyzes and compares the retention management practices employed by two set of organizations. Thus, we propose that understanding the reasons why people stay, on average, is an important goal and blanket retention policies may be disadvantageous in a similar context (sector, in our case) and organizations would want to adopt particular strategies that contribute to the retention of their most valued employees in one while avoiding control methods that would appeal the employees in the other.

2. Literature Review

Retention is a complex concept and there is no single recipe for keeping employees with a company. In literature, retention has been viewed as “an obligation to continue to do business or exchange with a particular company on an ongoing basis” (Zineldin, 2000). A more detailed and recent definition for the concept of retention is “customer liking, identification, commitment, trust, readiness to recommend, and repurchase intentions, with the first four being emotional-cognitive retention constructs, and the last two being behavioral intentions” (Stauss et al., 2001). Studies have also indicated that retention is driven by several key factors, which ought to be managed congruently: organizational culture, communication, strategy, pay and benefits, flexible work schedule and career development systems (Logan, 2000). Increasing numbers of organization mergers and acquisitions have left employees feeling displeased from the companies that they work and haunted by concerns of overall job security. As a result, employees are now making strategic career moves to guarantee employment that satisfy their need for security. On the other hand, employers have a need to keep their stuff from leaving or going to work for other companies. In fact, companies that offer employee development programs are finding success with retaining workers (Logan, 2000). This is true because of the great expenses associated with hiring and retraining new employees. The adage, good help is hard to find, is even truer these days than ever before because the job market is becoming
increasingly tight (Eskildesen & Nussler, 2000). In fact, literature on employee retention shows that wooing existing employees through employee development or talent management programmes costs less than acquiring new talents, as organizations know their employees; their wants & desires; while the initial cost of attracting the new employees has already been expended (Davidow & Uttal, 1989). The literature on employee retention clearly explains that satisfied employees who are happy with their jobs are more devoted for doing a good job and look forward to improve their organizational customers’ satisfaction (Denton 2000). Employees who are satisfied have higher intentions of persisting with their organization, which results in a decreased turnover rate (Mobley et al., 1979). Abundant studies have hypothesized and empirically validated the link between satisfaction and behavioral intentions and behaviors such as employee’s retention (Anderson & Sullivan, 1993). Further, numerous studies explain the importance of high employees’ involvement and how it could enhance their retention (Arthur 1994). In summary, the literature defines retention as continuing relation between employees and their organization.

2.1 Retention Factors for all Employees

Agrela, et al (2008) states the need to focus on the factors that affects retention leading to growth and success of organizations. Studies suggests that retention strategies, which effectively satisfy the needs of all employees consequently enhances the ability for companies to adapt more effectively to ongoing organizational change (Gale Group, 2006). Research shows that trends redefining modern retention strategies go beyond the traditional salary and benefits package (Gale Group, 2006) and compensation (Feldman, 2000) embracing employee motivation (Thomas, 2000), as one of the key factors to cater to the diversity and long stay of the workforce in the organization. Retention factors incorporating the needs and desires of employees at any age enhance levels of individual job satisfaction, loyalty, and commitment (Boomer Authority, 2009). Cunningham (2002) states that employees rank employee recognition, flexibility and training as top priorities for prolonging individual employment, while Walker (2001) and others call for establishing a supportive learning and working climate for employee retention. Further, career development (Boomer Authority 2009), organizational commitment (Patrick Owens, 2006), communication (Gopinath and Becker, 2000) and superior-subordinate relationship (Zenger, Ulrich, Smallwood, 2000) are also the factors known for prolonged stay of the employees in the organization. The list of retention factors and literature review is not meant to be exhaustive of all possible theories or variables related to employee retention and turnover (Griffeth et al., 2000). Rather, the emphasis in this study is placed on testing the relative frequency with which various retention factors emerge when analyzing employees’ versions for why they stay. A brief introduction and review of the 12 retention factors working towards the preservation of an organizations most valuable asset – employees (Yazinski, 2009), examined in this study are provided in the following section.

2.1.1 Skill recognition: Providing skill recognition of personal job accomplishments is an effective retention strategy for employees at any age (Yazinski, 2009). Studies indicate fulfilling peoples need for acceptance by acknowledging individual work accomplishments prolongs employment of employees (Redington, 2007). A Study by Yazinski (2009) show trends of an increased number of job applicants seeking out companies that encourage employee input, growth, education, and teamwork, beyond the traditional compensation/benefit
packages offered by employers. The Gale Group (2006) states organizational benefits of personal recognition are priceless, yet statistics supports that the impact of verbal praise has the ability to enhance company loyalty, motivation, and perseverance at no extra charge. Individual skill recognition is restricted by age, and motivates positive behavior, ethics, teamwork, confidence, and growth in all employees (Redington, 2007). Thus, both skill recognition (ranging from verbal praise to incentives/rewards) and learning opportunities (growth/development) enhance individual performance, effectiveness, and retention (Agrela, et al., 2008).

2.1.2 Learning & Working Climate: Since learning and development opportunities appear crucial for the retention of talented employees (Arnold, 2005; Hyttner, 2007; Walker, 2001), an organisation must establish a supportive learning and working climate. The concept “learning and working climate” is derived from previous research (Abrams et al., 2008 etc). In general it refers to the environment wherein employees both learn and work. More specifically, the concept could be described by referring to: guidance and appreciation at work; pressure of work; the amount of empowerment and the responsibility that employees experience; choice in job tasks and development; provision of challenging and meaningful work; and advancement and development opportunities. Results from previous research show that the appreciative approach, operationalised through an appreciative learning and working climate, positively influences employee retention (Abrams et al., 2008; Christiaensen et al., 2009; Kyndt et al., 2009; Van Hamme, 2009; Visser, 2001; Verheijen and Dewulf, 2004).

2.1.3 Job Flexibility: Job flexibility is vital for retaining employees of any age (Boomer Authority, 2009). Researchers describe the importance of employment flexibility such as scheduling variations that better accommodate individual work times, workloads, responsibilities, and locations around family responsibilities (Cunningham, 2002; Pleffer, 2007). Studies show that "flexibility" empowers individuals to facilitate a healthier balance between work and personal obligations, something that appeals to all ages of employees (Eyster, et al., 2008; Scheef & Thielfodt, 2004). Prenda & Stahl (2001) say that employees having job flexibility options report having higher levels of individual commitment, concentration, satisfaction, productivity, loyalty, and mental capacity at any age.

2.1.4 Cost Effectiveness: Studies supports the conclusion that organizations providing cost effective job flexibility options benefit from satisfying the needs of all employees, independent of age, which allows for the reallocation of expenses related to recruitment, work space changes, sick time, absenteeism, and commuting costs (Agrela, et al., 2008; Boomer Authority, 2009; Cunningham, 2002). Consequently, studies indicate that there is a link between cost-effective "flexibility" choices and advanced levels of job satisfaction, accuracy, productivity, recruitment, and employee retention (Boomer Authority, 2009; Cunningham, 2002; Prenda & Stahl, 2001. Eyster, et al (2008) state organizations can cost-effectively fulfill the needs for job flexibility options to promote employee retention. Thus, the provision of cost-effective "flexibility" options is critical in the retention of all employees despite disparity in age, position, skill/knowledge level, and duration of employment (Eyster, et al., 2008; McIntosh, 2001).
2.1.5 Training: Training is a key retention factor for employees at any age. Statistical evidence indicates job training is a critical factor for personal (behavioral) and professional (technical) development (United States Department of Labor, 2009). The availability for all employees having access to training and development programs is critical in facilitating organizational growth, particularly with performance and technological improvements (Boomer Authority, 2009). Research supports that both the organizational benefits and cost savings associated with training programs outweigh the initial cost it incurs (Prenda & Stahl, 2001). Eisen (2005) states that training programs available to all employees correlate with a 70% increase in employee retention rates. Research indicates training methods that engage workers with career challenges, advancement opportunities, work incentives, competitive wages/benefits, and supportive work environments are effective retention strategies for employees of any age (Eisen, 2005). Evidence supports the conclusion that access to regular training programs enhances growth, prosperity, and retention for both employees and employers (Amble, 2006). Research provided by Berryman & Vaughan (1989) and McIntosh (2001) indicate a relationship between enhanced training foundations (competencies, efficiencies, and intelligence) and advanced development of best practices, cross training, mentoring, and technology changes for all employees. Training benefits (tangible or intangible) correlate with higher levels of consistency, competency, productivity, adaptability, independence, and loyalty in employees at any age (Agrela, et al., 2008; Boomer Authority, 2009; Yazinski, 2009).

2.1.6 Benefits: The relationship of benefits with retention is another aspect of making people stay is often investigated by researchers. Maccoby (1984) identified the job satisfaction of employees and supervisors of Bell System over a five-year period and found that the employees and supervisors were satisfied with their pay and benefits and were also motivated to work productively.

2.1.7 Career Development: The purpose of career planning as part of an employee development program is not only to help employees feel like their employers are investing in them, but also help people manage the many aspects of their lives and deal with the fact that there is not a clear promotion track. Employers can no longer promise job security, but they can help people maintain the skills they need to remain viable in the job market (Moses, 1999). Eyster, et al. (2008) state that job flexibility along with embracing career and life options, is a critical incentive for all employees. Research shows growing trends of employers providing greater job flexibility that includes flexible career options (i.e. training, mentoring, workstation accommodations, job mobility, and reduced work hours) and life options (i.e. counseling services, health and wellness programs) (Boomer Authority, 2009; Eyster, et al., 2008). The challenge to organizations is that they must accept that this process may lead some employees to leave the company and pursue outside opportunities (O’Herron and Simonsen, 1995).

2.1.8 Superior-Subordinate Relationship: Employee development programs cannot exist without a culture that supports them. Any effective program must have strong support from people in senior management positions, and these people must also serve as positive role models to subordinates (Zenger, Ulrich, Smallwood, 2000). Managers and supervisors take on a new role when an organization gets into the business of employee development. They must become coaches to help people manage their careers and support their
development efforts. Managers at Sears actually go through a workshop called “Managing Career Development” to prepare them to work with employees under their career planning system (O’Herron and Simonsen, 1995). Coaching employees is valuable in helping them meet their goals, but it is also important for managers to simply show that they care. It is an intangible incentive that can make a big difference in employee motivation (Moses, 2000).

2.1.9 Compensation: Creating a compensation structure that supports an employee development program is a distinct challenge for companies. Many organizations claim to base pay raises on performance, but that is not actually the case. Some companies try to emphasize a team environment, but continue to reward people for individual achievement (Feldman, 2000). These inconsistencies can cause frustration and cynicism by employees. It is especially difficult when employees are not seeing significant pay raises, yet company leaders are richly rewarded (Feldman, 2000). The entire organization must buy into the culture of employee development. Sears created a new compensation system when they got into the business of employee development. Whereas they used to only offer pay increases to employees who were promoted, they have moved to a system where people may see a pay increase for lateral moves that are appropriate for their own development (O’Herron and Simonsen, 1995).

2.1.10 Organizational Commitment: Studies have concluded that committed employees’ remains with the organization for longer periods of time than those which are less committed. Steers (1977) suggest that the more committed an employee is, the less of a desire they have to terminate from the organization. These “highly committed” employees were found to have a higher intent to remain with the company, a stronger desire to attend work, and a more positive attitude about their employment. Steers (1977) concluded that “commitment was significantly and inversely related to employee turnover.” According to Arthur (1994) when organizations seek to foster a philosophy of commitment, then the likelihood of an employee searching for employment elsewhere is lowered. Owens (2006) had a similar finding that employees that had a higher level of commitment also had a higher level of “turnover cognitions”. A higher score in “turnover cognitions” indicated that the employee had a more favorable attitude and was less likely to consider turnover representing an inverse relationship of commitment and turnover. The aforementioned studies are representative of much of the research available relating to commitment and turnover. Commitment has a significant and positive impact on job performance and on workforce retention. The underlying belief is that a more committed employee will perform better at their job (Walton, 1985).

2.1.11 Communication: Studies have indicated that effective communications improve employee identification with their agency and build openness and trust culture. Increasingly, organizations provide information on values, mission, strategies, competitive performance, and changes that may affect employees enthuse (Gopinath and Becker 2000; Levine 1995). Many companies are working to provide information that employees want and need in better way of communication, through the most credible sources (e.g., CEO and top management strategies) on a timely and consistent basis.
2.1.12 Employee Motivation: Management theory and practice has traditionally focused on extrinsic motivators. While these are powerful motivators, by themselves they are no longer enough—intrinsic rewards are essential to employees in today’s environment (Thomas, 2000). Nowadays motivational issues are more complex because of the wealth and opportunity so many employees have enjoyed. Over the long haul, people need intrinsic rewards to keep going and to perform at their peak (Thomas, 2000). Workers have been forced to take more responsibility for their own careers, going where the work is rewarding and where they can develop skills that will guarantee their employability, in whatever organization (Hall and Associates, 1996). Talented workers have more choices than ever before, and are likely to leave if not satisfied with their employer or job content. As employees have become more likely to leave unrewarding jobs, the impact of losing individuals has become greater. In the future, the biggest gains will come from systematically improving an organization’s intrinsic reward process—making the work itself so fulfilling and energizing that employees themselves won’t want to leave. Rediscovering the role of purpose in work is key to understanding the new work and the motivation of today’s employees. Organizations now find themselves competing to attract and retain workers on the basis of the meaningfulness of their jobs.

3. Methodology

This study used a descriptive survey design. The purpose of descriptive surveys, according to Ezeani (1998), is to collect detailed and factual information that describes an existing phenomenon. A thorough review of literature was conducted before selecting the topic of the study. In this study, we focused on comparing the retention management practices that makes people stay in two similar types of organizations in the same sector (here in our case, heavy engineering manufacturers). The target populations of the study were 100 middle level managers who were selected from the two organizations, to participate because this group tends to be the focus of most employee turnover in recent years. Also members among this group are often called upon to assume expanded roles, functions and responsibilities as a part of retention management practices. Additionally, they are more likely to be responsible for implementing the management strategies for retaining the employees. As a result, they are in better position to observe and experience the work behaviors and attitudes towards retention strategies. It is hoped that this would provide more realistic and reliable data and information about the impact of efforts made by the organization for continuous individual employment on themselves and those they supervise. Moreover, because blanket retention policies may be disadvantageous in a similar context (sector, in our case) and organizations would want to adopt particular strategies that contribute to the retention of their most valued employees in one while avoiding control methods that would appeal the employees in the other. Therefore, the findings regarding this group adds another perspective to the management literature on comparing the retention management practices employed by two similar types of organizations and examining the reasons behind why employees stay and how these retention factors differ in two organizations as both may value different aspects while deciding upon the retention strategies. The population was taken for survey from two heavy engineering manufacturers based in north India. A total enumeration sampling technique was used to select 100 middle level managers. The breakdown is as follows:

Organization A: EEPL*
Middle Level Managers
Total 55

Organization B: MBPL
Middle Level Managers
Total 45

Overall Total 100

3.1 Instrument

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-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 was specifically designed to accomplish the objectives of the study. The first section collected information such as age, sex, experience, professional status, marital status and position. The second section was supplemented by items based on the studies of Arnold (2005), Hytter (2007), Akinboye's 2001 Executive Behaviour Battery, Griffeth and Horn (1995, 2001), Mooday, Steer, and Porter (1979), Boomer Authority (2009), Redington, (2007). To assess the validity of the questionnaire, expert judgment method was applied. So, the developed questionnaire, along with explanations regarding terms and concepts were presented to five university professors, five managers each from the two organizations. As such, they were asked to express their views about its construct, content, formal appearance and writing model. Many inputs were given by them that were included while finalizing the questionnaire. It was also noticed that some of the questions needed revision along with some additions and deletions. The necessary amendments were then made and its content and construct validity were assured and finally confirmed by other experts. The questionnaire consisted of 60 items in which the perception of the participants is central. The items measure the participants’ perception, work behaviors and attitudes towards retention strategies in their organisation. All 60 items were scored on a five-point Likert scale ranging from 1 “I strongly disagree” to 5 “I strongly agree”. Then, to determine the reliability of the questionnaire, it was sent to both the organizations. The questionnaire was filled out by the research community belonging to middle managerial level from both the organizations. After the mentioned questionnaires were filled out, the reliability of the questionnaire was determined using Cronbach’s alpha and Pearson correlation. The overall reliability co-efficient of the modified instrument after the pilot survey yielded an r = 0.823 cronbach alpha while Pearson correlation was 0.951 (p<0.001). As such, it showed that the questionnaire was reliable.

4. Analysis
Kaiser-Meyer-Olkin was used to determine the sufficiency of the sample size, and Bartlet test of sphericity was applied to calculate the meaningfulness of the correlation matrix. Then, the exploratory factor analysis was performed with maximum probability approach to identify the rate of loading of variables recognized in the component, and Varimax orthogonal approach was used to interpret the variables. Subsequently, the confirmatory factor analysis was used, with application of Lisrel 8.7, to verify the fitness of factors achieved during the exploratory factor analysis. The fitness indexes are as follows: Chi square index, goodness of fit index (GFI), comparative fit index (CFI), normed fit index (NFI), non-normed fit index (NNFI), incremental fit index (IFI), related fit index (RFI), adjusted goodness of fit index (AGFI), root mean square error of approximation (RMSEA) and root mean square residual (RMR). However, if CFI, GFI, NFI, NNFI, IFI, RFI and AGFI are higher than 0.90, and RMSEA and RMR are less than 0.50, it proves a desirable and appropriate fitness (Alexopoulos and Kalaitzidis, 2004).

4.1 Results

In the first step, the correlation of each identified variable and the internal consistency of all variables were calculated in the component “Retention Management Strategies” for both the organizations.

4.1.1 Retention Management Strategies: EEPL

Before the explanatory factor analysis, the Kaiser-Meyer-Olkin approach was used to determine the sufficiency of the sample size for the component, while Bartlet test of sphericity was used to establish whether the correlation matrix has meaningful difference with zero or not. The sufficiency of sampling and meaningfulness of the correlation matrix was checked for the (p<0.001), respectively. It showed that the exploratory factor analysis was permissible. Then, the explanatory factor analysis was performed with maximum probability approach and the variables were interpreted with Varimax rotation approach. The results showed that three factors came out from the “Retention Management Strategies” component with special values bigger than 1. The first, second and third factors explained 40.153, 11.912 and 10.800% of the total variances of variables, respectively. Therefore, these three factors explained 62.865% of the total variances of variables for the component “Retention Management Strategies” at EEPL. As regards this component, the following variables formed the 1st factor:

1. Skill Recognition
2. Job Flexibility
3. Superior-Subordinate Relationship
4. Employee Motivation
5. Organization Commitment

The 2nd factor was formed by the following variables:

1. Learning and Working Climate
2. Cost Effectiveness
3. Communication
4. Career development

The 3rd factor was formed by the following variables:

1. Benefits
2. Compensation
3. Cost Effectiveness
4. Training

In Table 1, the confirmatory factor analysis was made with the use of the software “Lisrel 8.7” for EEPL and then the fitness of the factors achieved was determined (Table 2). Subsequent to the earlier stated stage, the first, second and third factors of the component, “Retention Management Strategies”, were the approved factors named: “competence & relationship oriented”, “scholastic & futuristic oriented” and “developmental & reward oriented”, respectively.

**4.1.2 Retention Management Strategies: MBPL**

Before the explanatory factor analysis, the Kaiser-Meyer-Olkin approach was used to determine the sufficiency of the sample size for the component, while Bartlet test of sphericity was used to establish whether the correlation matrix has meaningful difference with zero or not. The sufficiency of sampling and meaningfulness of the correlation matrix was checked for the (p<0.001), respectively. It showed that the exploratory factor analysis was permissible. Then, the explanatory factor analysis was performed with maximum probability approach and the variables were interpreted with Varimax rotation approach. The results showed that three factors came out from the “Retention Management Strategies” component with special values bigger than 1. The first, second and third factors explained 39.435, 14.841 and 11.640% of the total variances of variables, respectively. Therefore, these three factors explained 65.916% of the total variances of variables for the component “Retention Management Strategies” at MBPL. As regards this component, the following variables formed the 1st factor:

1. Superior-Subordinate Relationship
2. Employee Motivation
3. Organization Commitment
4. Communication

The 2nd factor was formed by the following variables:

1. Skill Recognition
2. Learning and Working Climate
3. Cost Effectiveness
4. Job Flexibility
5. Training
6. Career development
The 3rd factor was formed by the following variables:

1. Benefits
2. Compensation
3. Cost Effectiveness

In Table 3, the confirmatory factor analysis was made with the use of the software “Lisrel 8.7” for MBPL and then the fitness of the factors achieved was determined (Table 4). Subsequent to the earlier stated stage, the first, second and third factors of the component, “Retention Management Strategies”, were the approved factors named: “relationship oriented”, “competence & scholastic oriented” and “reward oriented”, respectively.

5. Discussion

Findings of this research showed that three factors each have been identified regarding retention management strategies at EEPL and MBPL respectively. Lockwood, (2006) states that retention is a critical element of an organization’s more general approach to talent management, which is defined as “the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved processes for attracting, developing, retaining, and utilizing people with the required skills and aptitude to meet current and future business needs”. The latter part of this definition is important because it suggests that talent management programs should be tailored to those who are most responsible for the organization’s success. The assertion of Lockwood (2006) is in consonance with the findings of the present research that proposed to examine how these retention factors differ in two similar types of organizations. For EEPL, the first factor was called “competence & relationship oriented”, the second one was “scholastic & futuristic oriented” and the third one was “developmental & reward oriented”. While for MBPL, the first factor was called “relationship oriented”, the second one was “competence & scholastic oriented” and the third one was “reward oriented”. The confirmatory factor analysis for both the organization, too, indicated that the structural model of these factors was proper. The findings of this research proved that the components identified and the structural relations presented as regards the component, “retention management strategies at EEPL and MBPL” were suitable. The factors emerging of retention strategies also indicate that employees stay when they have strong relationships with others with whom they work (Clarke 2001) as a positive learning environment (Dillich, 2000) and encouragement of team building activities, project assignments involving work with colleagues and opportunities for interaction both on and off the job (Johns et al 2001) leads to higher retention rates. In fact, many companies have discovered, however, that one of the factors that helps retain employees is the opportunity to learn and try new things (Logan, 2000). Jennifer Potter-Brotman, CEO of Forum Corporation – a firm out of Boston that helps Fortune 500 companies develop learning systems – also claims that there is strong evidence indicating a link between strong learning programs and employee retention (Rosenwald, 2000). It is important for companies to recognize that competent employees as one of their greatest assets and they need to face the challenge of retaining them (Garger, 1999). To this end, organizations can benefit from knowing whether retention reasons differ even in similar contexts, thus, adding another perspective to the management literature on comparing the retention management practices
employed by two similar types of organizations. This might then call for different retention strategies, as both may value different aspects while deciding upon what aspect is to be emphasized, to develop and retain the group of employees who have potential to lead the organization in the near future. On the basis of the results achieved from the present research, the study may conclude that these factors have substantial roles in determining the retention management strategies of the two respective organizations and are considered to be the main components for retaining the employees in similar contexts while blanket retention policies may be disadvantageous if they appeal to employees at all levels of performance, and organizations would want to adopt particular strategies that contribute to the retention of their most valued employees in one, while avoiding control methods that would appeal primarily to others in similar or different organizations (Steel et al., 2002).

References


Moses, B. (2000). Give people belief in the future: In these cynical times, HR must assure employees that faith and work can coexist. Workforce, 79 (6), 134-139.


### Table 1: Retention Management Strategies at EEPL

<table>
<thead>
<tr>
<th>Code Variable</th>
<th>1st factor</th>
<th>2nd factor</th>
<th>3rd factor</th>
<th>t-value</th>
<th>R2</th>
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<td>1. Skill Recognition</td>
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<td>6.62*</td>
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<td>2. Learning and Working Climate</td>
<td>0.575</td>
<td>5.26*</td>
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<td>3. Job Flexibility</td>
<td>0.750</td>
<td>5.68*</td>
<td>0.53</td>
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<td>4. Superior-Subordinate Rel’ship</td>
<td>0.503</td>
<td>5.82*</td>
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<td>5. Employee Motivation</td>
<td>0.655</td>
<td>5.42*</td>
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<td>6. Organization Commitment</td>
<td>0.470</td>
<td>6.40*</td>
<td>0.32</td>
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<td>7. Benefits</td>
<td>0.678</td>
<td>5.57*</td>
<td>0.56</td>
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<td>8. Compensation</td>
<td>0.400</td>
<td>4.70*</td>
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<td>9. Cost Effectiveness</td>
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<td>0.470</td>
<td>6.51*</td>
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<td>10. Training</td>
<td>0.993</td>
<td>4.66*</td>
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<td>11. Communication</td>
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<td>12. Career development</td>
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* t>1.96.

### Table 2: Fitness indexes calculated for the component “Retention Management Strategies at EEPL”
### Table 3: Retention Management Strategies - MBPL

<table>
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<th>Code Variable</th>
<th>1st factor</th>
<th>2nd factor</th>
<th>3rd factor</th>
<th>t-value</th>
<th>R2</th>
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<td>1. Skill Recognition</td>
<td>0.467</td>
<td></td>
<td>6.58 *</td>
<td>0.45</td>
<td></td>
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<tr>
<td>2. Learning and Working Climate</td>
<td>0.657</td>
<td></td>
<td></td>
<td>6.56*</td>
<td>0.53</td>
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<tr>
<td>3. Job Flexibility</td>
<td>0.750</td>
<td></td>
<td>5.86*</td>
<td>0.20</td>
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<tr>
<td>4. Superior-Subordinate Rel’ship</td>
<td>0.786</td>
<td></td>
<td></td>
<td>5.82*</td>
<td>0.58</td>
</tr>
<tr>
<td>5. Employee Motivation</td>
<td>0.565</td>
<td></td>
<td></td>
<td>6.52*</td>
<td>0.50</td>
</tr>
<tr>
<td>6. Organization Commitment</td>
<td>0.740</td>
<td></td>
<td></td>
<td>5.64*</td>
<td>0.41</td>
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<tr>
<td>7. Benefits</td>
<td>0.786</td>
<td></td>
<td>6.75*</td>
<td>0.32</td>
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</tr>
<tr>
<td>8. Compensation</td>
<td>0.442</td>
<td></td>
<td>5.68*</td>
<td>0.56</td>
<td></td>
</tr>
<tr>
<td>9. Cost Effectiveness</td>
<td>0.470</td>
<td>0.440</td>
<td>5.61*</td>
<td>0.86</td>
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<tr>
<td>10. Training</td>
<td>0.978</td>
<td></td>
<td>5.46*</td>
<td>0.89</td>
<td></td>
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<tr>
<td>11. Communication</td>
<td>0.869</td>
<td></td>
<td>5.67</td>
<td>0.69</td>
<td></td>
</tr>
<tr>
<td>12. Career development</td>
<td>0.965</td>
<td></td>
<td>6.52</td>
<td>0.64</td>
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</tbody>
</table>

* t>1.96.
Table 4: Fitness indexes calculated for the component Retention Management Strategies at MBPL.

<table>
<thead>
<tr>
<th>Component/ Index</th>
<th>Root Mean Square error of approx (RMSEA)</th>
<th>Goodness of Fit Index (GFI)</th>
<th>Comparative Fit Index (CFI)</th>
<th>Normed Fit Index (NFI)</th>
<th>Non-normed Fit Index (NNFI)</th>
<th>Incremental Fit Index (IFI)</th>
<th>Related Fit Index (RFI)</th>
<th>AGFI</th>
<th>RMR</th>
<th>$X^2$</th>
<th>P Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retention</td>
<td>0.0019</td>
<td>0.97</td>
<td>0.94</td>
<td>0.89</td>
<td>0.93</td>
<td>0.95</td>
<td>0.86</td>
<td>0.79</td>
<td>0.038</td>
<td>26.24</td>
<td>p&gt;0.05</td>
</tr>
</tbody>
</table>
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