# Retention of Employee by Empowerment

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**ABSTRACT**

Employee Retention refers to the techniques employed by the management to help the employees stay with the organization for a longer period of time. Employee retention strategies go a long way in motivating the employees so that they stick to the organization for the maximum time and contribute effectively. Sincere efforts must be taken to ensure growth and learning for the employees in their current assignments and for them to enjoy their work. Empowered employees tend to be more confident and try to give their best to the employer because they are given more authority in decision-making process. Employee empowerment can create a feeling of obligation among employees to stay in the organization. The intention to remain or leave the organization among the employees is based on the job satisfaction of employees. The individuals with higher job satisfaction tend to be more committed to the organization. They will be more likely to remain in the organization.

## Introduction

Organizations the world over are facing both opportunities and challenges in the process of making themselves more effective. As a result of globalization, deregulation and the resulting enhanced competition, business organizations' traditional core activities are being overhauled, leading to the development of a plethora of new products, services and activities. The emergence of a market driven economy has placed increasing demands on organizations. Significantly, customer's expectations have also simultaneously increased many folds making organizational management more complex.

The work place of today witnesses the co-existence of employees from the various socio-cultural backgrounds that is, race, gender, colour, national origin, economic status, qualification, age, mental status, attitudes, skills, etc. making the corporate culture a completely diverse one. The progressive companies of the day look for a diverse work force that can bring and help in managing diverse talents, interest, ideologies and viewpoints even in a continuously changing environment.

## LITERATURE REVIEW

**Definition and Review of Employee Retention**- Employee retention refers to policies and practices companies use to prevent valuable employees from leaving their job. It involves taking measures to encourage employees to remain in the organization for the maximum period of time. Hiring knowledgeable people for the job is essential for an employer. But retention is even more important than hiring. This is true as many employers have underestimated costs associated with the turnover of key staff (Ahlrichs, 2000). Turnover costs can incur with issues such as reference checks, security clearance, temporary worker costs, relocation costs, formal training costs and induction expenses (Kotzé 2005). Other invisible costs and hidden costs such as missed deadlines, loss of organizational knowledge, lower morale, and client's negative perception of company image may also take place.

This is why retaining top talent has become a primary concern for many organizations today. Managers have to exert a lot of effort in ensuring that the employee's turnover is always low, as they are gaining an increasing awareness

that, employees are critical to organization since their values to the organization are not easily replicated Meaghan et al. (2002). Many critical analyses are conducted to minimize the possible occurrence of shortage of highly- skilled employees who possess specific knowledge to perform at high levels, as such events will lead to unfavourable conditions to many organizations who failed to retain these high performers. They would be left with an understaffed, less qualified workforce that will directly reduce their competitiveness in that particular industry. (Rappaport, Bancroft, & Okum, 2003).

## Empowerment Strategies for Employee Retention

Organizational Strategies Empowerment Employee Retention
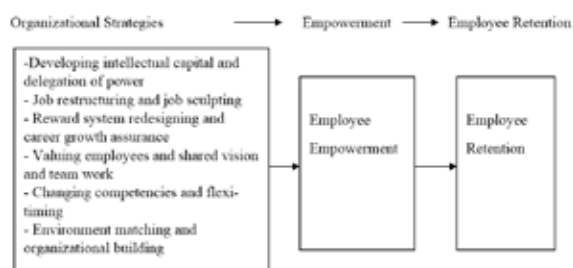


## Objectives:

- To examine the role of employee empowerment on the retention of employees.
- To study the factors influencing the retention of employees.
- To explore the background characteristics of the employees of co-operative banks.

## Hypothesis:

$H_0$ (Null Hypothesis) – Employee empowerment strategies significantly influence the retention of the employees.

## Research Methodology:

In this study, employee empowerment strategies on the retention of employees of co-operative banks of Dakshina Kannada have been studied by looking at the different strategies which empowers the employees namely- 'scope for reward

system restructuring and career growth opportunities',' developing intellectual capital of employees through training and development',' job restructuring and job sculpting',' shared vision, valuing employees and teamwork', 'flexi timings and multiple work stations', 'delegation of power and collective decision making' and 'environment matching and organizational building', assessed by the employees in the pilot study area. The role of employee retention has been examined by analysing the influence of employee empowerment strategies.

**Sources of data:**
Primary data on the background characteristics of the employees of cooperative banks and various factors which facilitate employee empowerment and employee retention was gathered from the sample area by using the survey method. The information on employee retention at the macro level was gathered from various secondary sources like, earlier studies conducted, research articles published in various journals and magazines, internet articles.

**Observation on the influence of empowerment factor on the employee retention:**
Primary data was collected from the Cooperative Banks of Dakshina Kannada District of Karnataka State, by administering the Questionnaire Schedule. The collected data has been coded to SPSS code sheet.

To study the background characteristics of the retention of cooperative bank employees, 50 employees from the Cooperative banks of Dakshina Kannada were selected. Among 50 employees selected from the cooperative bank for the pilot study, 56% are male employees, and 44% are female employees (Table 1).

**Table 1: Classification of employees by gender**

| Category | Numbers | Percentage |
|---|---|---|
| Male | 28 | 56 |
| Female | 22 | 44 |
| Total | 50 | 100 |

Source: Survey Data.
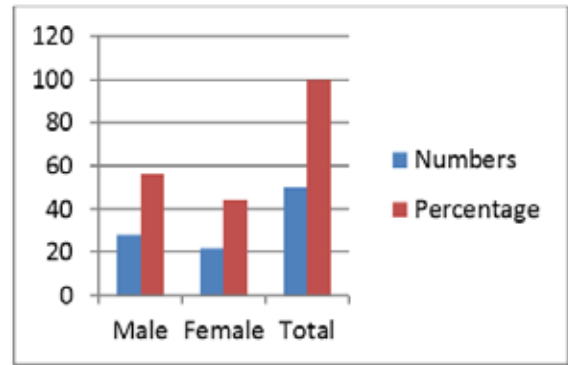


Regarding the number of years of service, 30% of the employees are of 10 years of service, 36% with 10-20 years of service and remaining 34% of employees with more than 30 years of service (Table 2).

**Table 2: No. of years of service**

| Service | Male | Female | Total | Percentage |
|---|---|---|---|---|
| <10 | 8 | 7 | 15 | 30 |
| 10-20 | 10 | 8 | 18 | 36 |
| 30+ | 10 | 7 | 17 | 34 |
| Total | 28 | 22 | 50 | 100 |

Source: Survey Data.
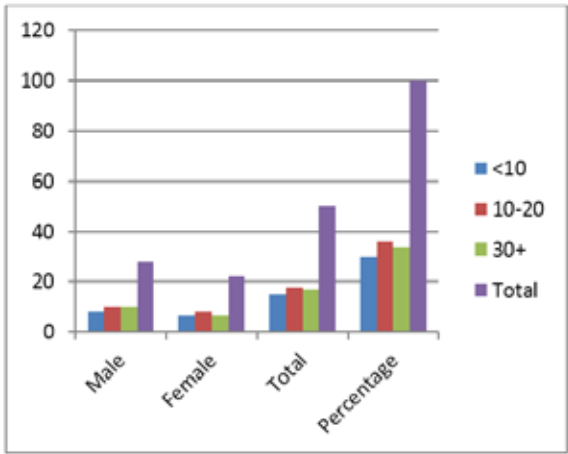


Among the 50 employees selected for the pilot study, 8% of the employees are working as Attenders, 40% as Junior Assistant, 28% as Senior Assistant, 18% as Officers and remaining 6% are working as managers. (Table 3)

**Table 3: Position of the Employees**

| Category | Male | Female | Total | Percentage |
|---|---|---|---|---|
| Attenders / Peons | 3 | 1 | 4 | 8 |
| Junior Assistants | 14 | 6 | 20 | 40 |
| Senior Assistants | 8 | 6 | 14 | 28 |
| Officers | 4 | 5 | 9 | 18 |
| Managers | 1 | 2 | 3 | 6 |
| Total | 28 | 22 | 50 | 100 |

Source: Survey Data.
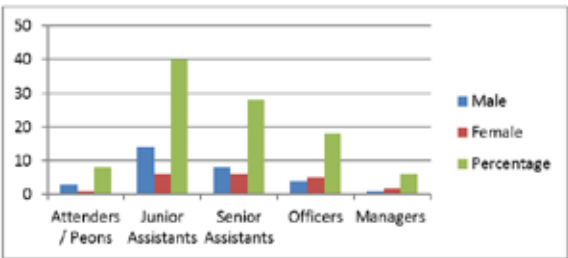


Out of the total employees selected, 4% of the employees have P.U.C. qualification, 66% have Degree qualification, and 30% have Post Graduate qualification. Hence it clearly indicates that a, majority of the employees are well qualified (Table 4).

**Table 4: Qualification**

| Qualification | Male | Female | Total | Percentage |
|---|---|---|---|---|
| S.S.L.C. | Nil | Nil | Nil | 0 |
| P.U.C. | 1 | 1 | 2 | 4 |
| Degree | 21 | 12 | 33 | 66 |
| P.G. | 6 | 9 | 15 | 30 |
| Total | 28 | 22 | 50 | 100 |
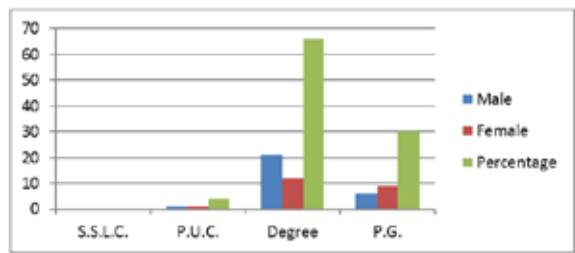
### Reward system redesigning and career growth assurance

The reward system will have a strong bearing upon the emerging employment relation since the extrinsic sources of motivation have a significant effect on employees' performance. Therefore, the reward system should be redesigned from time to time to retain talented workers. Career growth assurance with reasonable job security is a effective retention strategy. The people with diverse skills need to be encouraged to excel in their respective fields for organizational effectiveness.

92% of the Employees have agreed, (out of this, 16% have strongly agreed) that the reward system redesigning and career growth assurance, act as an employee retaining device as indicated by the high value of mean (M ± S.D., 2.08±0.488) (Table 5)

**Table 5:**

| Impact | Male | Fe-male | Total | Percent-age | Mean | S.D. |
|--------|------|---------|-------|-------------|------|------|
| Disagree | 3 | 1 | 4 | 8 | | |
| Agree | 20 | 18 | 38 | 76 | 2.08 | 0.488 |
| Strongly Agree | 5 | 3 | 8 | 16 | | |
| Total | 28 | 22 | 50 | 100 | | |

Source: Survey Data

### Scope for the Development of Intellectual Capital by Employee training and Development:

Traditional skill building process has to be replaced with effective mechanisms to identify the competencies of a company. Identification of the present competencies and potentials and using the data for subsequent competency building exercise is essential. Mere technical skill building alone is not sufficient to make employees competent to deal with the changing environment but efforts should be taken to enhance emotional competencies to deal effectively with the challenges emerging from the environment.

It shows, that as high as 92% of the employees opine (12% strongly agree) that, scope for the development of Intellectual Capital acts as a empowering factor for retaining employees in the organizations, as indicated by the high value of mean (M±S.D., 2.04±0.450) (Table 6)

**Table 6:**

| Impact | Male | Fe-male | Total | Percent-age | Mean | S.D. |
|--------|------|---------|-------|-------------|------|------|
| Disagree | 2 | 2 | 4 | 8 | | |
| Agree | 21 | 19 | 40 | 80 | 2.04 | 0.450 |
| Strongly Agree | 5 | 1 | 6 | 12 | | |
| Total | 28 | 22 | 50 | 100 | | |

Source: Survey Data

### Job Restructuring and Job Sculpting

Under job restructuring, the organizations have to manage and sustain by engineering and redesigning of jobs. Even the star performers will stay with the organization only if the job matches their deeply embedded life interest. The most important ingredient of employee satisfaction is the inherent challenge of the particular job, the opportunity to work with talented, supportive colleagues and the chance to learn, grow and develop new skills. Managers should customize job responsibilities so that they can be effectively matched with the worker's sources of intrinsic motivation.

The table reveals that, 76% of the employees agrees (16% strongly agree), that job restructuring and job sculpting, increases the retainment of skilled employees as revealed by the high value of mean (M±S.D., 1.92±0.634) (Table 7)

**Table 7:**

| Impact | Male | Fe-male | Total | Percent-age | Mean | S.D. |
|--------|------|---------|-------|-------------|------|------|
| Disagree | 6 | 6 | 12 | 24 | | |
| Agree | 17 | 13 | 30 | 60 | 1.92 | 0.634 |
| Strongly Agree | 5 | 3 | 8 | 16 | | |
| Total | 28 | 22 | 50 | 100 | | |

Source: Survey Data

### Flexi timing and Multiple Workstations:

The concept of flexi timings had been originally planned to cater to the house hold requirements to dual career couples. In an urge to retain both of them, employees are provided with flexi – times system which believes in the concept of two phased working.

Information Technology now allows organizations to have Multiple Workstations, instead of the traditional office under one room. Individual employees work in their homes which are linked to the companies' central point of work. This reduces the problem of travel as well as the need for costly office space in urban cities.

It shows that, 68% agree, (12% strongly agree), that flexi timings and Multiple Workstations act as a Employee retaining factor, as indicated by high value of mean (M±S.D.,1.8±0.639) (Table 8)

**Table 8:**

| Impact | Male | Fe-male | Total | Percent-age | Mean | S.D. |
|--------|------|---------|-------|-------------|------|------|
| Disagree | 9 | 7 | 16 | 32 | | |
| Agree | 15 | 13 | 28 | 56 | 1.8 | 0.639 |
| Strongly Agree | 4 | 2 | 6 | 12 | | |
| Total | 28 | 22 | 50 | 100 | | |

Source: Survey Data

### Valuing employees and shared vision and team work

Employees want to know whether they are valued as people and they also want feedback on how they are performing. They want recognition and expect that the organizations should value them as productive partners in the process instead of mere factors of production. In corporate parlance, vision is a familiar word than corporate vision associated with the top management. For a vision to be truly effective and meaningful, it has to be shared by a majority of the organization's employees. Such a shared vision binds the employees and can produce better results.

It shows that, 80% of the employees agree, (28% strongly agree) that, vision sharing, team work and valuing employees act as employee retention factors as shown by high mean value (M±S.D.,2.08±0.695) (Table 9)

**Table 9:**

| Impact | Male | Fe-male | Total | Percent-age | Mean | S.D. |
|---|---|---|---|---|---|---|
| Disagree | 6 | 4 | 10 | 20 | | |
| Agree | 15 | 11 | 26 | 52 | 2.08 | 0.695 |
| Strongly Agree | 7 | 7 | 14 | 28 | | |
| Total | 28 | 22 | 50 | 100 | | |

Source: Survey Data

**Delegation of power and Collective Decision Making:**
Sharing responsibilities and power equally at all levels of an organization, enabling them to innovate, take initiatives and make independent decisions to satisfy the needs and wants, thus, reaching desired goals and objectives.

It shows that, 82% agree (14% strongly agree) that, delegation of power and collective decision making, empowers the employees to stay in the organization as shown by the high mean value (M±S.D. 2.10±0.678) (Table 10)

**Table 10:**

| Impact | Male | Fe-male | Total | Percent-age | Mean | S.D. |
|---|---|---|---|---|---|---|
| Disagree | 4 | 5 | 9 | 18 | | |
| Agree | 15 | 12 | 27 | 54 | 2.10 | 0.678 |
| Strongly Agree | 9 | 5 | 14 | 28 | | |
| Total | 28 | 22 | 50 | 100 | | |

Source: Survey Data

**Environment matching and organizational building:**
Environment refers to harmonizing the physical working environment with the employees needs and aspirations to provide them better quality of work life. So they should study their future requirement of office furniture, work environment and space utilization to provide a productive atmosphere. Organizational building has been focused on newer ways of doing things. Keeping the doors open for an enriching base with a focus on shifting from doing things rightly. Processes are becoming equally important on creating a learning organization for creation and application for newer knowledge.

It reveals that, 68% agree (8% strongly agree) that, Environmental Matching and Organizational Building, motivates the employees to stay back in the same organizations as revealed by the high mean value (M±S.D. 1.76±0.591) (Table 11)

**Table 11:**

| Impact | Male | Fe-male | Total | Percent-age | Mean | S.D. |
|---|---|---|---|---|---|---|
| Disagree | 8 | 8 | 16 | 32 | | |
| Agree | 17 | 13 | 30 | 60 | 1.76 | 0.591 |
| Strongly Agree | 3 | 1 | 4 | 8 | | |
| Total | 28 | 22 | 50 | 100 | | |

Source: Survey Data

**Hypothesis**
**Table 12: Employee Empowerment strategies significantly influence the retention of the Employees of Co-operative Banks (in Dakshina Kannada District)**

| | Mean | S.D. | t | p |
|---|---|---|---|---|
| Retention of employees due to Employee Empowerment Strategies | 1.9686 | 0.5378 | -0.414 | 0.681 |

Test Value=2

Source: Survey Data

**Interpretation**
Since, the value of p is greater than 0.05, null hypothesis ($H_0$) is accepted at 5% level of significance. And we may conclude that the employee empowerment strategies discussed above have a significant influence on the retention of talented employees in the Cooperative Banks of Dakshina Kannada.

**Conclusion**
This paper provides some noteworthy implications for practitioners. It suggests the various factors which influence job satisfaction. It has been observed that if managers do not pay attention to these factors, it is likely to result in job dissatisfaction and ultimately may result in employee turnover. The satisfied employees can be motivated and a sense of commitment can be instilled within them, this has to percolate down the organizational hierarchy. The top management has to be convinced about the benefits of retention as well as the disadvantages of high employee turnover.

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