

POTENTIAL DRIVERS AFFECTING EMPLOYEE RETENTION IN PRIVATE SECTOR ORGANIZATIONS IN BANGLADESH

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Abstract

Why do some firms grow faster than others? Although various observed and unobserved aspects of firms have been suggested as potential drivers of firms' heterogeneity, Human Resource specialists agree sharply on the role of employee retention in influencing firms' growth. In the present study, we use a stratified random sample of 100 respondents selected from 62 organizations to show the effect of employee retention on firms' growth is statistically significant and quantitatively important. In the presence of major constraints, firms rely more on organizational people to enhance growth. However, employees are not only motivated through the pecuniary issues to stay in the organization but also some other factors are responsible such as salary, retirement benefits and fringe benefits. Alongside, the leadership capacity of the organizations' head and the good interpersonal relationship of the employees with the superiors are also imperative for employee retention. The results suggest that a good combination of the extracted factors can lead to an effective employee retention policy for any organization.

Keywords: Human Resource, Employee Retention, Turnover.

Introduction

'Human Resource Management realizes that people make or break an organization because all decisions made about finance, marketing, operations & technology are made by an organization's people'(Jeffrey A. Mello,2010-2011). Retention of employees is very important for an organization but it is affected by a number of factors. So, it is important to address these factors; otherwise, the organization will be affected by bad turnover. In organizations there are always some star performers who are better than average employees. Organizations must have some retention strategies to retain them. If they leave the organization they will leave with their experience and they can be very attractive to their competitors. Headhunters always look for this kind of experienced employees. A successful marketing manager can be very desirable to the competitors of that particular company. When an organization loses this kind of employees, it brings negative effects on the consistency for maintaining the same productivity and it creates a negative impact on the organizations' goodwill. Organizations need to create such an environment that employees would remain happy and stay. That will help the organizations to create and sustain a competitive advantage in this competitive world. It is proved that human recourses are the most valuable resources and talent is the critical success factor for any organization. In recent years, retaining the 'knowledge workers' is being the greatest challenge for the managers. Organizations must clearly identify the employees they ought to retain as well as they need to identify whom

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they should get rid of for long term sustainability. Organizations should focus on talent management. Turnover statistics would not help unless the distinction is created between good turnover (under-performing employees leaving) and bad turnover (competent employees leaving). Organizations will be highly affected by bad turnover if it is not taking care of its prospective employees. Voluntary bad turnover is very costly for organizations. So, a key focus of human resource department should be on employee retention. Organizations should do the cost-benefit analysis in case of employee turnover. Here cost means expenditure of hiring new employees, training new hires and the required time a new employee needs to be fully productive as the old employees. Moreover, people responsible for training the new employees need to give extra time besides their regular job responsibilities. If any organization makes a lot of investment to train and develop its employees, that investment will go in vain when employees leave that organization. Excessive turnover can affect the morale of the employees as well as the reputation of the organizations. But at the same time when an employee work in an organization he/she always see the surrounding environments, co-operation of colleagues, opportunities that he/she can avail of and all these work as influential factors for being stable in the organization. Employees are also cautious about their prospects within the organization in the long run. If they found they have good prospect they become motivated to stay in the organization. Organizational prospect, as a whole, in the long is also a vital factor for attracting the employees and also for retention of employees. In this light, this study has identified the drivers that are responsible for retention of employees within the organization.

In addition, every employee does not perform the same. Among the employees some were poor performers; they just neglected their work. They needed to be monitored all the time. Sometimes managers or supervisors need to coerce them to perform their tasks. But in organizations some people are very enthusiastic and very good in performance. They know their work very well. They have excellent interpersonal skills as well as knowledge about their tasks. We can call them 'star performers.' They have specialized knowledge that can be a critical success factor for any organization to survive within the industry. Organizations should make every arrangement to keep them so that their competitors cannot utilize their expertise. In this complex and competitive world, organizations must have succession plan to keep pace with time. If any organization has succession plan, they needed to identify the star performers as their successors, so that the organization could train those prominent employees to fill in the next hierarchical level. It will save the expenses for new recruitment. Besides, it can help the organization to implement its overall human resource planning. Human resource, one of the most important characteristics of core competence is difficult to copy. Competitors can imitate an organizations' technology, product or other resources. But it is very difficult to copy the human resource of an organization. That is why human resource is the most crucial resource for an organization. If any organization can create competitive advantage based on employees, then the employees will become the most valuable asset. So, it will be the wisest strategy to retain employees.

Thus, organizations must identify the motivational factors for each efficient employee, because every motivational factor does not have the same impact on

efficient employees. If a manager wants to reward the competent employees for their outstanding performance, he needs to know what motivates them the most. To develop a competitive advantage in a global economy, organizations must support the strategic plans and required actions for employee retention. A number of studies have found where retention factors such as intrinsic, extrinsic, work environment, benefits etc. are predefined based on some criteria and an attempt is made to identify how much they impact on retaining an employee. In this study, we aimed to identify the important factors of employee retention using exploratory factor analysis and will suggest these for successful retention policy in the context of Bangladesh. 'People are the most essential resources of an organization; they are the source of productivity and profit and should be treated with care' (French and Bell, 2009).

Objectives of the Study

The general objective of this study was to explore the critical factors that are responsible for employee retention in private organizations of Bangladesh. The specific objectives were;

- to identify the factors instrumental to retention of employees within organizations;
- to rank the extracted factors hierarchically for the retention of employee in an organization; and
- to give some suggestions for improving the retention policy of organizations.

Literature Review and Theoretical Framework

Human resources are the lifeblood of an organization. Though, most of the organizations are found to be technology driven but still human resources are required to run them. They are the most vital and dynamic resources of the organization (Ahmad, N., Iqbal, N., and Sheeraz, M., 2012). Retention of them is also vital for long run benefits and also for successful achievements of the organizational goals (Bussi, M., 2002). If the organization cannot retain its prospective employees and if excessive turnover happens then it can affect the morale of the existing employees as well as the reputation of the organizations (Das, B.L. and Baruah, M., 2013). Employee retention is not influenced by a single factor, but there are hosts of factors which are responsible for retaining employees in an organization. In a study conducted in South Africa on private and public sector organizations to find the factors behind job retention, it was found that both public and private sector employees are influenced by extrinsic and intrinsic motivational factors behind their staying in any organization (DeShields Jr, O.W., Kara, A. and Kaynak, E., 2005). Quantitative research design was used to survey one hundred forty-five respondents. Motivational factors such as training and development, challenging or interesting work, freedom for innovative thinking and job security were found to have significant influence on employees' retention in both public and private sector organizations (Dochy F. Kyndt E., Michielsen M., and Moeyaert B., 2009). The intention of any employee to remain in an organization highly depends on the level of motivation of that employee. Relative importance of the factors for motivation may vary from employee to employee. Every employee is unique with his/her

characteristics, skills, thinking and motivation level. In a study on information systems (IS) employees, using structural equation model showed that latent motivation had significant impact on retention of employees. Job satisfaction and perceptions of management on career development are indicators for motivation (Kyndt, E., et al., 2009). It is argued that employees are motivated by internal factors rather than external factors. Intrinsic factors are related to job satisfaction and extrinsic factors are related to job dissatisfaction (Locke, E. and Latham, G., 1994). In other words, motivation is internally generated and is propelled by the factors that are intrinsic to the work called 'motivators' (Mello, J.A., 2011). These intrinsic variables include achievement, recognition, the work itself, responsibility, advancement and growth. It is also argued that hygiene factors do not motivate employees, but this factor is required to placate employees (Moncraz, E., Zhao, J., and Kay, C., 2009). Hygiene factors are company policies, salary, working environment, etc. If these factors are adequate in a job, people will not be dissatisfied. In the dearth of the relevant literature on employee retention in the context of Bangladesh this study is going to be path breaking.

Methodology

Research methodology includes research design, data source and collection procedures, selection of sample units, sample size, data analyses and interpretations.

Research Design

It is an exploratory research to identify various critical factors that affect employee retention in different private organizations in Bangladesh. To identify these critical factors of employee retention, factor analysis has been done and based on outcomes of the factor analysis, the analyses and findings part have been done. The study involved a questionnaire survey, conducted on 100 employees of 62 private organizations of Bangladesh. The information gathered from the employees at their respective workplace.

Data Source and Data Collection Procedures

For smooth and accurate study everyone has to follow specific method. The study inputs are collected from two sources:

Primary Sources

A questionnaire is used to collect primary data from the employees of various private organizations. The questionnaire consists of two parts. The first part of the questionnaire includes general information of the respondents and the last part includes thirteen questions. The questionnaire includes yes/no questions, multiple choice, ranking and rating questions. In case of rating, the respondents had to give their level of agreement on a 5-Point Scale (1 = Highly Dissatisfied, 2 = Dissatisfied, 3 = Neither Satisfied nor Dissatisfied, 4 = Satisfied, 5 = Highly Satisfied). Length of the questions was small and the average interviewing time was approximately ten minutes.

Secondary Sources

- Extensive literature searches (published articles & books.)

Selection of Sample Units & Sample Size

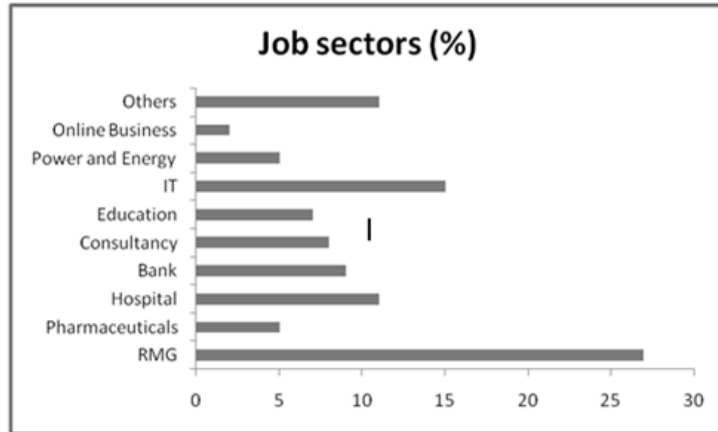
The 100 employees of 62 organizations listed below are selected as sample through using stratified random sampling method. Such as;

Sl. No.	Category	Company Name	Total Respondents
1.	RMG	IFL – Factory Limited	27
		Interstoff Apparels Limited	
		Kohinoor Chemicals Limited	
		Apex Hussain Group	
		Giant Textiles Limited	
		Beximco Knitting Limited	
		Roshawa Spinning Mills Limited	
		Turag Garments Limited	
		Regal Fashion Limited	
		Apparel 4 Limited	
		Kite	
		Kaifeng Textile Limited	
		Mega Merchandise Limited	
		Tosuka Apparels Limited	
		HR Textile Mills Limited	
		Aman Tex Limited	
		Eurotex Knitwear Limited	
		Unicom Textile Mills Limited	
		Fabpro Specialties Limited	
		HKI	
		Epyllion Group	
		Blue Ribbon Associates Limited	
		Nesania Corporation	
Pran RFL Group			
Anwar Group Industry			
Partex Star Group			
2.	Pharmaceuticals	SunRim Pharma	5
		Incepta Pharmaceuticals Limited	
		ACI	
		UPS	

Sl. No.	Category	Company Name	Total Respondents
3.	Hospital	Bangladesh Specialized Hospital	11
		Better Life Hospital	
		Apollo Hospitals Limited	
4.	Bank	NRBC Bank Limited	9
		Popular Life Insurance Co. Limited	
		Brac Bank Limited	
		Islami Bank Foundation	
		Union Capital Limited	
5.	Consultancy	Talent Centric Limited	8
		Innovative Professionals Limited	
6.	Education	Daffodil International University	7
		Bangladesh University of Textiles	
		Millennium College	
7.	IT	Global Brand Pvt. Limited	15
		Creative Tech Park	
		Asia Intel Communication	
		Zero Gravity Ventures Limited	
8.	Power and Energy	Sunbeam Power System	5
		SunRim Energy Limited	
		Bengal Renewable Energy Limited	
9.	Online Business	Bdcarsales.com	2
		Chakrionline.com	
10.	Others	Youth Group	11
		Aamra Companies	
		Pro-Edge	
		IOM – UN Migration Agency	
		Purbani Group	
		Sheltech Pvt. Limited	
		Swapnil Associates	
		Robi Axiata Limited	
		Lantabur Group	
		Reedisha Food and Beverage Limited	

Results & Discussions

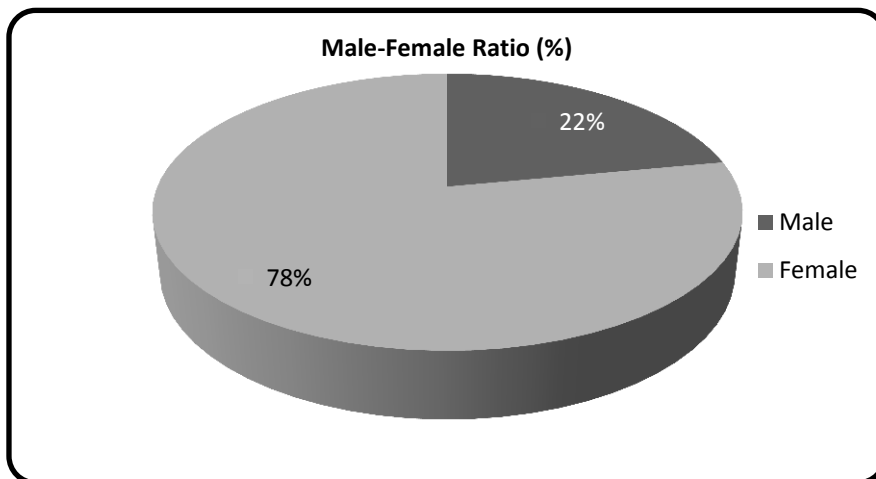
Sector wise percentage of respondents



Source: Field survey

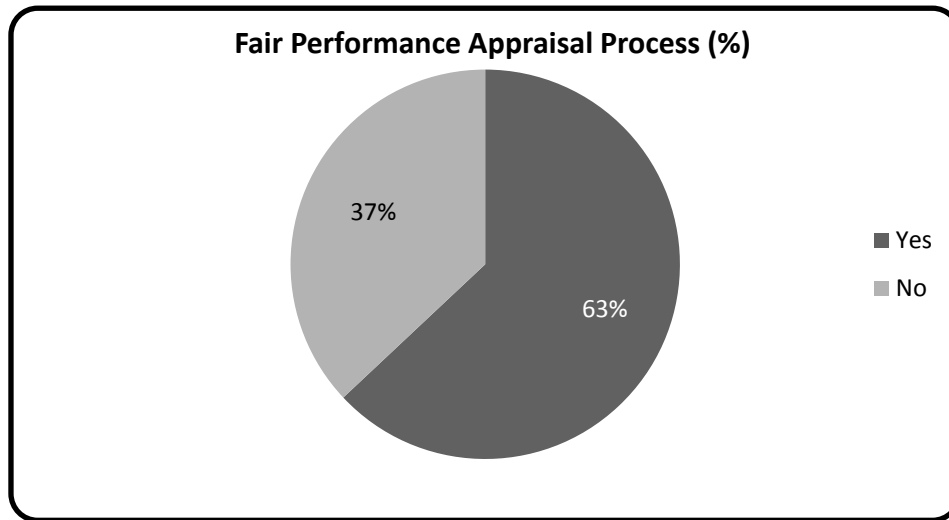
Here we show the sector wise percentage of respondents, among the total respondents 27% were from RMG industries, 15% were from IT sectors, 11% were from hospitals, 9% were from bank sector, 8% from consultancy field, 7% from education, 5% from power & energy sector, 5% from pharmaceuticals, 2% from online business & 11% were from other industries.

Gender proposition of respondents



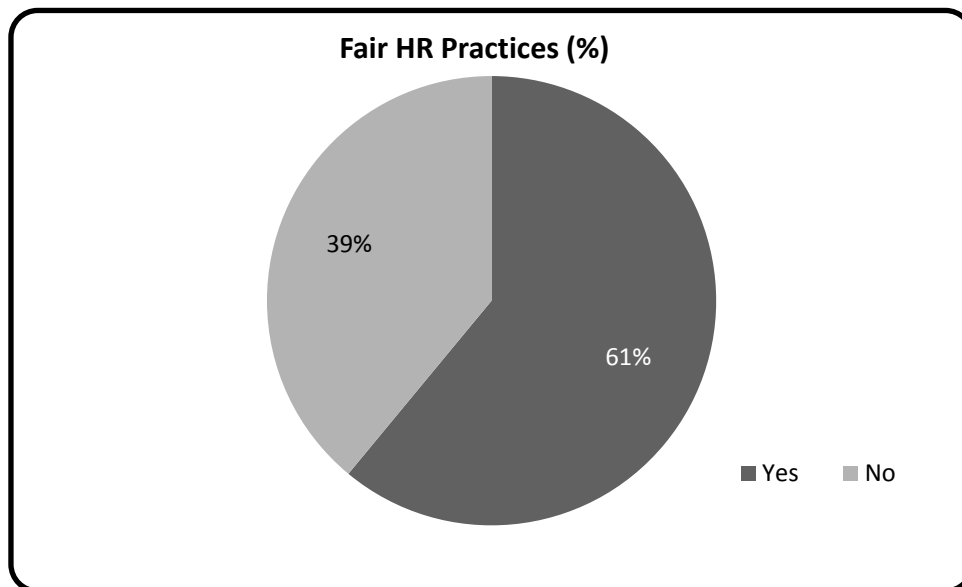
Source: Field survey

The survey indicates that there were 22 female and 78 male respondents who were randomly selected to fill in the questionnaire. So, the Male-Female ratio was 78:22 or 39:11. The above Pie-chart is showing the Male-Female ratio of the respondents.

Fair performance appraisal process

Source: Field survey

In the study, we have found that there were 37% of the total, gave their consent that there was not impartial performance appraisal process and the rest (63%) were bias-free. So, the result is to retain the key employees there may have a good deal of bias free performance appraisal process.

Fair HR practice

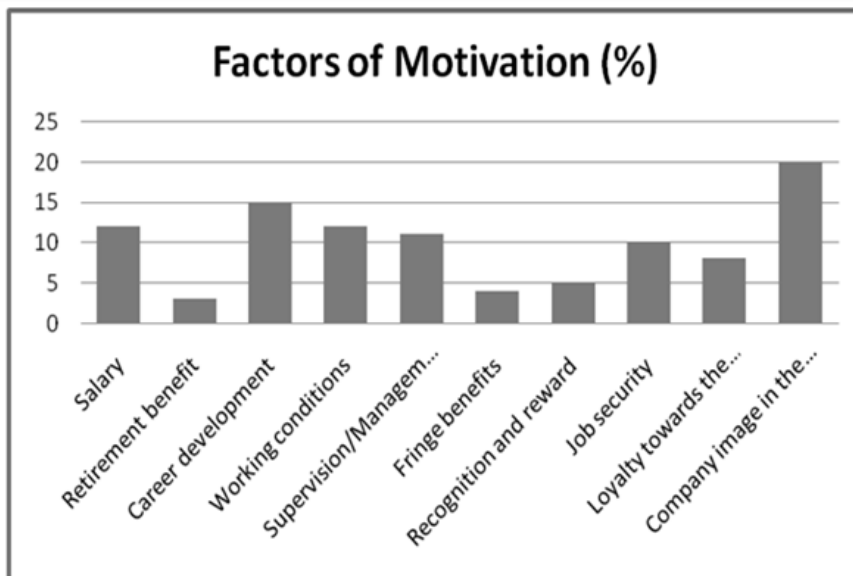
Source: Field survey

According to the study, 61% of the respondents have given their consents that their organizations have fair HR Practices (HR planning, recruitment, selection,

training and development, performance management and compensation). The rest 39% respondents have replied that there is absence of Fair HR Practice in their organizations.

Motivational factors for employee retention

According to the analysis, the factors of motivations impacting on the employee retention are as in the followings in a rank from the highest to lowest. (20%) of the respondents have preferred company image in the society as the most important motivational factor for them to continue their job in their existing organization and sequentially, (15%) respondents have preferred career development, (12%) respondents have picked working conditions, (12%) respondents have preferred salary, (11%) respondents have elected supervision/management, (10%) respondents have chosen job security, (8%) respondents have chosen loyalty towards the company, (5%) respondents have chosen recognition and reward, (4%) respondents have chosen fringe benefits and finally, (3%) respondents have chosen retirement benefits respectively as their motivational factors to stay in the same organization. The findings are presented below in a bar diagram.

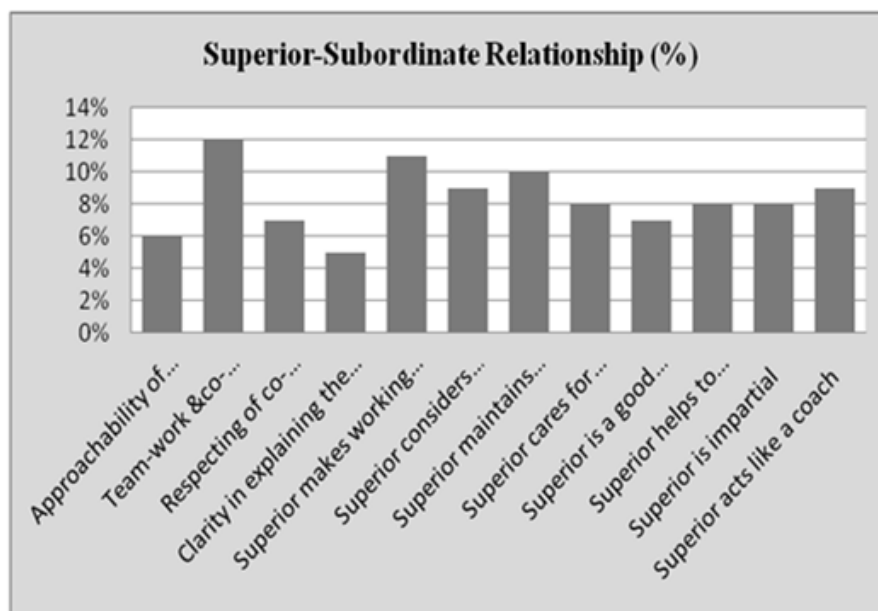


Source: Field survey

Factors affecting superior-subordinate relationship

The superior-subordinate relationship is very much important for an organization for retention of employees. Figure indicates that horizontal axis signifies factors and the vertical axis shows the percentage. According to total respondents of different private sector organizations, **12%** respondents have ranked team-work & co-ordination (**A**) as the most important factor of their superiors for keeping very good superior – subordinate relationship in their organizations and consecutively **11%** respondents have ranked superior makes working environment pleasant (**B**), **10%**

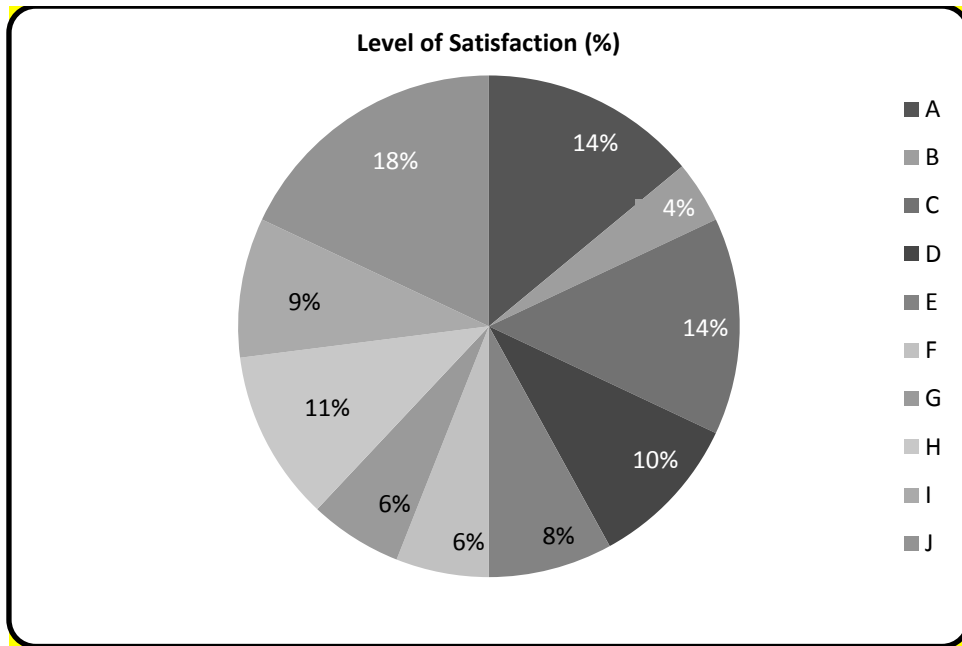
respondents have ranked superior maintains friendly relationship (C), 9% respondents have ranked superior considers others' suggestions and opinions (D), 9% respondents have ranked superior acts like a coach (E), 8% respondents have ranked superior helps to complete the work (F), 8% respondents have ranked superior is impartial (G), 8% respondents have ranked superior cares for workers personal welfare (H), 7% respondents have ranked superior is a good counselor (I), 7% respondents have ranked respecting of co-workers & subordinates (J), 6% respondents have ranked (K) approachability of superior and finally, 5% respondents have ranked clarity in explaining the task to be done (L) as the best qualitative factor for them to stay in the same organization. These findings are represented below.



Source: Field survey

Important strategies available in organizations to retain employees

Each and every organization should have different and unique strategies to retain employees. The below pie chart is prepared through using the data of the questionnaire by the respondents. It shows 18% respondents have been satisfied to rate company image in the society (A), 14% respondents have been satisfied to rate salary (B) and 14% respondents have been satisfied to rate career development (C) as the highest retention strategy in their present organizations for employees. Subsequently, 11% respondents have been satisfied to rate job security (D), 10% respondents have been satisfied to rate working conditions (E), 9% respondents have been satisfied to rate loyalty towards the company (F), 8% respondents have been satisfied to rate supervision/management (G), 6% respondents have been satisfied to rate fringe benefits (H), 6% respondents have been satisfied to rate recognition and reward (I) and lastly, 4% respondents have been satisfied to rate retirement benefits (J) as the available strategies in their present organizations for employee retention.



Source: Field survey

Findings

Based on analysis, the study has found that money may be many things but it may not be everything. Here we have found that the most important motivating factor to retain employees in an organization is good company image. The respondents have placed highest emphasis on team-work & co-ordination to maintain good superior-subordinate relation. We have also found, organizations have to maintain a good company image to make employees satisfied. HR practices and policies are in better position in some specific cases in this paper. Like, we have found Fair performance appraisal processes, Fair HR practices are in satisfactory level due to 63% and 61% respectively in some specific private sector organizations.

Recommendations

On the basis of the findings and results, it is conspicuous that there are many important factors affecting employee retention in private sectors of Bangladesh. It is recommended that for the effective employee retention policy, organizations emphasize on the extrinsic factors like attractive salary package and also give additional benefit for the good performances of the employees. Organizational policy should not be such that they put pressure or give feeling of uncertainty about the job security of the employees. If this prevails, this single issue will incur bad turnover of employees since nobody wants to stay in any organization where they feel their job is not secure. Employees are also motivated to stay in the organization because of the intrinsic factors, like, recognition of their performances, scope for training and development and good co-operation from their bosses. To ensure the retention of the employees, organization has to make sure the presence of such things. Non-coercive

influence of leader on his team is also vital since it gives the feeling to the employees that they are in safe hands and their organization has good prospect in the long run, that influence them to stay in the organization. At the same time organization should have policy which would give scope to the employees to feel job security. So, it can be said that in action a good combination of the extracted factors can be an effective employee retention policy for any organization.

Conclusions

The existing literatures in this context have frequently found that the retention of skilled employee in any organization largely depends on many critical factors. Thus for ensuring the superior quality and interruption free productivity, it is inevitable for the employers to maintain a good flow of employee retention and turnover. This study has indicated that the most important factors for employee retention are the company image in the society, the salary of the employees and the job security. It has also found that employees needed recognition of their work and reward for their good performance. These factors worked as influential factors for employee retention. Here, employees are not only motivated through the financial issues to stay in the organization but some other factors are also responsible. These are salary, retirement benefits and fringe benefits. Alongside, the leader or the superior of an organization can also be a vital factor for employee retention. The leadership capacity of the head of organizations and the good interpersonal relationship of the employees with the superior are also imperative for employee retention.

Limitations

Albeit, this study has focused on the importance of potential employee retention drivers, a basic question may arise about the suitability of the respondents in giving accurate responses to the queries and the statements used data collection schedule for the sake of time availability. Yet, this paper cannot circumspectly guarantee a cent percent alleviation of that predefined issue.

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