

Employee Retention through Employee Engagement : Study Special reference with Retail Shoppe in Pune

Prof. Roshna Jaid, Assistant Professor, Rajgad Institute of Management Research & Development, Pune, Maharashtra, E.mail id : roshna.jaid@gmail.com

Miss. Snehal Kumbhare - MBA 2nd Year Student, E-mail id : sadawartesnehal@gmail.com

Abstract

Employee engagement leads to commitment and psychological attachment and reflects in the form of high retention (low attrition) of employees. The level of engagement in employees can be enhanced by identifying its drivers (influential factors) and work on them. For the purpose of study, the drivers of the employee engagement are identified and hypotheses have been formulated. The relationship between employee retention and employee engagement is examined from the response to separate questionnaires from 100 employees from different retails Shoppe like DMart, CROMA, BigBazar, Central Malls, Season Mall who are chosen based on random sampling.

The object of research paper study is to finds that the employee retention can be improved by increasing the level of employee engagement and focusing on few non-financial drivers. Practical implication of this study is the retention can be improved without financial expenditure when there are economic constraints. Organizations can design good practices in the light of findings to retain their best talent (highly skilled and specialized human resources) without much financial burden.

Key words : Employee Engagement, Employee Retention, Employee Satisfaction, Financial Benefits, Non Financial Benefits.

INTRODUCTION

Background of Study :

We've seen it happen many times. An organization that provides top wages and benefits loses a great employee to a competitor for no apparent reason. Of course, some employee turnover is to be expected, but if your company is truly engaging your employees, there is no good reason for the unexpected loss of quality staff members. Many companies already know that wages and

benefits are important to employees, but compensation alone is not enough to keep the highly skilled, motivated and experienced workforce your business needs to excel.

About Retails :

Retail is the sale of goods and services from individuals or businesses to the end-user. Retailers are part of an integrated system called the supply chain. A retailer purchases goods or products in large quantities from manufacturers directly or through a wholesale, and then sells smaller quantities to the consumer for a profit. Retailing can be done in either fixed locations like stores or markets, door-to-door or by delivery. In the 2000s, an increasing amount of retailing is done using online websites, electronic payment, and then delivered via a courier or via other services.

Retailing includes subordinated services, such as delivery. The term “retailer” is also applied where a service provider services the needs of a large number of individuals, such as for the public. Shops may be on residential streets, streets with few or no houses or in a shopping mall. Shopping streets may be for pedestrians only.

Retail Sector & Pune :

Pune has come a long way in recent times. The thriving IT market, automobile boom, strong student community, rising service sector, robust estate market and increase in the number of professionals have led to a sharp expansion of the city. This rapid urbanization, and the new demands of Pune’s global citizens, has led to a rise in the number of malls, offering high-end brands.

The retail sector in Pune was earlier confined to a few markets which were unorganized, chaotic and crowded. In the last two years, however, the rise in modern retail outlets can be seen across the city. Koregaon Park Plaza, Inorbit, Phoenix Market City, Pulse, Kumar Pacific Mall and Amanora Town Center are the new ones that have joined the already existing malls like Jewel Square, S.G.S Mall, Mariplex, Central and Ishanya, to name a few. In a scenario where five malls have opened in the last one year. In Pune city presently 24/25 malls are available in different city of Pune.

Objective of Research :

To Understand, Analyze & find that the employee retention can be improved by increasing the level of employee engagement and focusing on few non-financial drivers.

REVIEW OF LITERATURE

Employee engagement-Meaning & definitions Employee engagement is defined as employees’ willingness and ability to help their company succeed, largely by providing discretionary effort on sustainable basis (Perrin’s Global work study, 2003). Another study (Scarlett survey) views it as measureable degree of an employees’ emotional attachment to their job, colleagues and

organization that profoundly influences their willingness to learn and perform at work. The employee engagement is an emergent working condition and a positive cognitive, emotional and behavioral state directed toward organizational outcomes (Shuck & Wollard, 2009). Gallup (which is known as authority on employee engagement) relates employee engagement to a positive employee's emotional attachment and employee's commitment (Demovsek D, 2008). Thus the employee engagement make employees emotionally bonded to their organization and tend them to become passionate about their work and hence results in improvement of employee retention.

Impact on Employee Retention Employees are assets of any organization and organization always try to avoid losing the key performers. Employee retention can be defined differently as per the context of its usage. It can be represented mathematically in percentage such as retention level is 87%, which means the organization could keep its 87% of its employees with them for a specified period which is normally taken as a year. In other context employee retention refers to the ability of an organization to retain its employees. In this case the employee retention is considered as a strategy, based on the effort by which the organization attempts to retain the employees. Employee retention involves taking measures to encourage employees to remain in the organization for the maximum period. Whereas retention management has become major source of competitive advantage in the modern rapidly globalizing business world (Vaiman, 2008). Randenbush, S.W. & Bryk, A.S. (2002) argue that the employee turnover affects family, organization and society. It brings stress in family as relocation of family and employee will become necessary and financially related issues in connection with the relocation also arise. For organization it may lead to disruption of service to clients and dissatisfaction of employees due to extra workload. When an employee with critical skills to support the society leaves the organization, it impacts the society badly. With retention a growing concern for organizations, understanding the factors that drive commitment and loyalty among employees is essential for managing increasing turnover risk in the months and years ahead, (Mark Royal, Hay Group News release, 2011). As per Corporate Leadership Council report (2008) the highly engaged organizations have the potential to reduce the staff turnover by 87%, the disengaged are four times more likely leave organization than average employees. It was observed that the employee retention can be improved by improving employee engagement.

Role of HRM in Employee Engagement & Retention:

Human Resources Management (HRM) play important role in retention of employees. HR managers have to identify the right retention strategies which their employees perceive to be effective. Good HRM practices in the area of compensation, reward, career development, supervisors' support, and culture and work environment can help to improve retention (Meyer

and Allan, 1991; Solomon, 1992; Snell and Dean, 1992). Many organizations now utilize extensive range of human resources management factors that influence employee commitment and retention (Stein, 2000; Beck, 2001; Clarke, 2001; Parker and Wright, 2001). According to them, the factors which influence employee retention are work environment, supervisor support, organization image, employee value match, remuneration, reward and recognition, employees' career development etc. Hay Group study (2011) has identified five key factors that differentiate "stayers" (those committed to the company more than two years) from "leavers" (those planning to leave in two years or less). The key factors are confidence in the organization and leadership, room for employees to grow, a fair exchange between organization and employee, an environment for success and authority and influence. Factors influencing engagement include work environment, rewards and recognition, career development, supervisor/leader, compensation/remuneration, and employee- organization value match.

Work environment is considered one of the most important factors in the employee retention (Zeytinoglu & Denton, 2005) and people strive to work and to stay in those corporations that provide good and positive work environment (Ramlal 2003). Study by Wiesenberger and Associates (1993) suggest that employees' view regarding organization is strongly concerned to their relationship with supervisor. Recognition from bosses, team members, co-workers and customers enhance the loyalty and retention. Several studies have highlighted the linkage between rewards and employee retention and it has been the most important factor for attracting and retaining the talent (Williams and Dreher, 1992; Watson Wyatt, 1999; Willis, 2000; Tower Perrin, 2003; Mercer, 2003). Career development is also very important for employee retention. Employees are keen to advance in their career, organization desires to strengthen their bond with employees must spend on development of employees (Hall & Moss, 1988). Study by Prince (2005) also advocates that to gain competitive advantage, organization requires talented and productive employees and the latter need career development to enhance and cultivate their competencies. Freyermuth (2007) also recommends that the organization must groom leaders to support the employees and to build the work environment where workers want to stay.

RESEARCH METHODOLOGY :

- Scope, Sample & Methodology:

Area of the study is a different Retail Malls / Shopee available in Pune area. In Pune 24 total malls / shopee's available, whose employee strength is near about 3000. Only 5 malls were targeted for the research & from that I selected 100 employees, distributed questionnaire to all got reply from 78 employees. Sample size took for this research is 78. Random sampling technique used for research.

- Research period : From 2010 – 2013 for evaluating Non financial drivers .
- Drivers of the Employee Engagement:

Initially few drivers of employee engagement were identified with help of literature review. Based on the impact analysis, followings drivers were shortlisted like drivers of engagement, communication, rewards & recognition, compensation and benefits, manager/supervisor relationship, career development, teamwork, role clarity, work environment and work life balance, action plans are drawn and implemented only for drivers with non-financial support. Many action plans were implemented on these drivers - communication, rewards & recognition, manager and supervisor relationship, teamwork, role clarity and work environment, few of them to mention are on spot appreciations, green cards, silver cards, star of the month, town hall meetings, skip level meetings, one to one meetings, CEO'monthly meetings, open door policy, department steering committee meetings, internal coordination committees, team activities, team building exercises, reporting channel streamlining, induction of HR buddy to each department to improve the HR process and HR helpdesk etc. Questionnaires were classified in four groups.

- Hypotheses :

HO (Null Hypothesis) : There is no significant impact of implementation of action plans for non-financial drivers to the level of engagement of employees.

H1 : There is significant improvement in the level of employee retention due to increase in the level of employee engagement.

The hypotheses have been tested and the results have been arrived at.

- Data sources: Quantitative research technique is used and this study is descriptive in nature. Both primary and secondary data have been used in this study. Primary data was collected through a questionnaire and secondary data was collected from documentation section of each department.
- Instrument Development

Even though a number of instruments are available that measure the retention level of employees, they are not customized for retails sector. After long discussions with senior management team and representatives from shops, following are influencing factors of retention were identified. Then in response to exit interview questions the influencing factors were analyzed. Based on analyses discussions the final questionnaire for evaluating the retention was formed. As the focus of the study is on improving retention through employee engagement, the level of employee engagement was also evaluated.

- Reliability Test : The data collected thorough questionnaire was subjected to reliability test, which shown strong internal consistency among the given items and hence satisfied.
- Data collection After preparing both questionnaires the data was collected for finding out the initial level of engagement and retention of employees. After this asked, to the manager of the retail shopee to implement many engagement boosting activities. Manager was implemented on the drivers which don't require financial support. The hypotheses have been formulated for the purpose of the study. The result was studied in comparison with original scores and the hypotheses were tested.
- Data analysis Initial levels of engagement of employees were evaluated from the response given by the 100 employees from 5 malls to the questionnaire which contains four parts. Similarly the initial levels of employee retention also were evaluated by administrating another questionnaire with four parts. Change in the level of employee engagement was evaluated after implementing the action plans decided in the expert and management meeting. Paired t-test used to test the hypotheses.
- Limitation of the study is that it has not gone in details to analyze the impact of each drivers separately, instead had a holistic approach.

RESULTS AND DISCUSSIONS

The data obtained is subjected to statistical testing and the results obtained were analyzed and the discussions follow.

Impact of Morale boost plans /non-financial drivers on employee engagement H1: There is no significant impact of implementation of action plans for non-financial drivers to the level of engagement of employees. From the following data analysis & interpretation, null hypothesis H1 rejected. This means, there is a significant association or impact of the implemented action plans to the level of engagement of employees. Even though the implemented action plans were only addressed the non-financial drivers of employee engagement it has made a significant improvement in the level of employee engagement.

Impact of the employee engagement on employee retention. H1: There is significant improvement in the level of employee retention due to increase in the level of employee engagement (H1).

1. FIGURES AND TABLES**Table 1: Drivers of Employee Engagement**

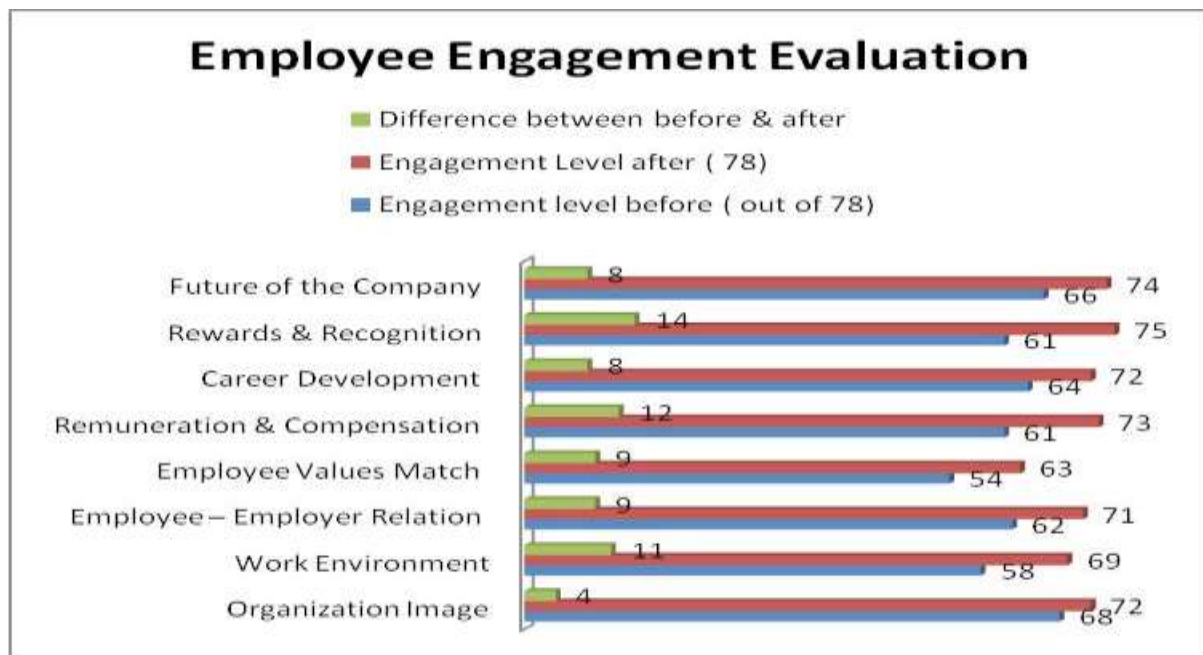
Sr. No	Main Drivers	Selected Drivers
1	Communication	Communication
2	Rewards & Recognition	Rewards & Recognition
3	Manager / Supervisor relationship	Manager / Supervisor Relationship
4	Teamwork	Teamwork
5	Role Clarity	Role Clarity
6	Work Environment	Work Environment
7	Career Development	
8	Compensation & Benefits	
9	Work Life Balance	

Table No 2 : Main Factors influencing Retention of Employee

Sr. No	Influencing Factors (By Different Studies)	Selected Factors (Based on Exit Interview)
1	Organization Image	Organization Image
2	Employee – Organization Value Match	Work Environment
3	Remuneration & Compensation	Employee – Employer Relation
4	Work Environment	Employee Values Match
5	Relation between Manager & Employee	Remuneration & Compensation
6	Career Development	Career Development
7	Job Security	Rewards & Recognition
8	Decision taking power	Future of the Company
9	Flexi timing	
10	Work Content	
11	Personal Factors	
12	Future of the Company	

Table. No 3: Employee Engagement Level Evaluation

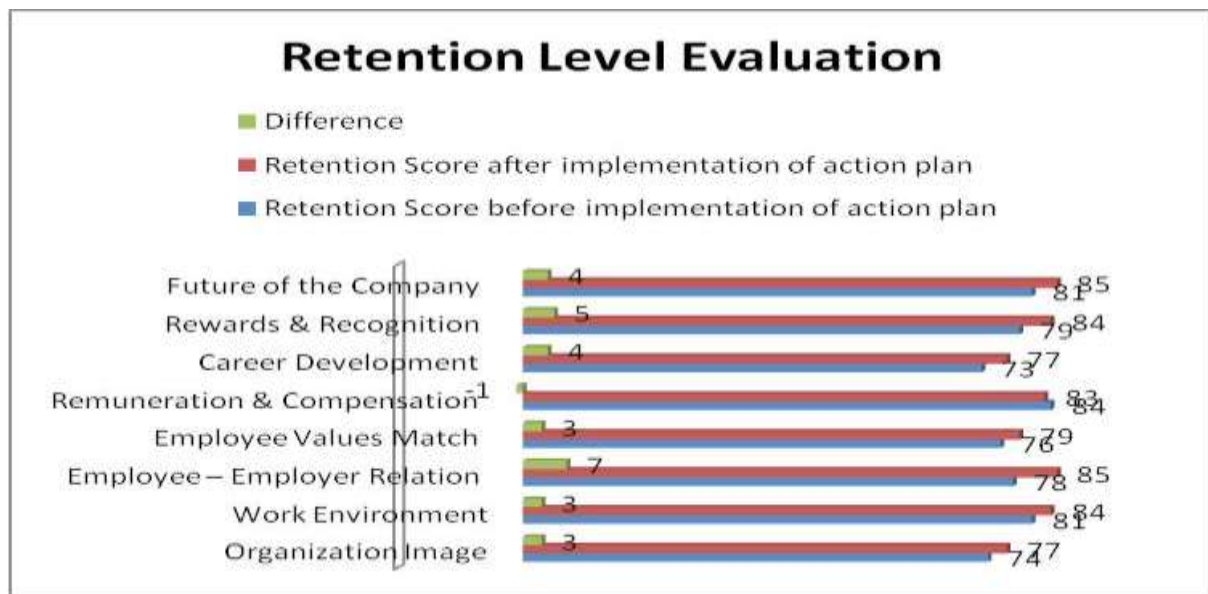
Sr. No	Engagement Factors	Engagement level before (out of 78)	Engagement Level after (78)	Difference between before & after
1	Organization Image	68	72	4
2	Work Environment	58	69	11
3	Employee – Employer Relation	62	71	9
4	Employee Values Match	54	63	9
5	Remuneration & Compensation	61	73	12
6	Career Development	64	72	8
7	Rewards & Recognition	61	75	14
8	Future of the Company	66	74	8



Interpretation : Table shows that the difference between before & after of engagement level of employee for their retention evaluation.

Table No. 4 Retention Level Evaluation (Employee Perceived Score)

Sr. No	Engagement Factors	Retention Score before implementation of action plan	Retention Score after implementation of action plan	Difference
1	Organization Image	74	77	3
2	Work Environment	81	84	3
3	Employee – Employer Relation	78	85	7
4	Employee Values Match	76	79	3
5	Remuneration & Compensation	84	83	-1
6	Career Development	73	77	4
7	Rewards & Recognition	79	84	5
8	Future of the Company	81	85	4



Interpretation : Above table shows that the retention scores – employee perceived before & after implementation of action plan for the employees.

CONCLUSION

The present study conducted in light of high employee turnover rate in retail sector. The study brought out how employee retention can be improved by improving engagement level of employees. There was statistical evidence in the study to confirm that the employee retention can be improved by addressing non-financial drivers of employee engagement like communication, recognition, employee-employer relationship, work environment, future of the company, career development. Therefore it has given a very positive message that even without financial expenditure the employee engagement and hence retention can be improved. As such the future studies can be conducted in two directions: one to find the impact of non-financial drivers on the employee engagement and retention and the other to include financial drivers of employee engagement and have an elaborate study of the impact of engagement drivers on employee engagement and retention.

References :

1. <http://en.wikipedia.org/wiki/Retail>
2. <http://content.magicbricks.com/industry-news/pune-real-estate-news-industry-news/new-malls-help-pune-retail-sector-grow-further/37750.html>
3. [India's 10 biggest malls - Rediff.com Business](#). Rediff.com (2013-04-24). Retrieved on 2013-12-06.

4. Agarwal, R. and T..W.Ferratt,Enduring practices for managing IT professionals, Communications of the ACM,S,45(9),2002,73-79.
5. Chaminade,B.A.,Retention checklist: How do you rate?., www.humanresource magazine. co.au accessed on 28 Nov 2007.
6. Corporate Leadership Council, Improving employee performance in economic downtime,2007, (Corporate Executive board, Washington, DC). Deovsek,D.,Creating highly engaged and committed employees starts at the top and ends at the bottom line, Credit union national.
7. Hay Group ,News release ,2011, 1 in 4 Indian employees set to switch jobs as growth picks up [11] Mark Royal, 1 in 4 Indian employees set to switch job as growth picks up, Hay group, news release 2011 [12] Mercer, People at work survey report , Human resource management report 2003,8-15 [13] Meyer,J.P. and Allan,N.J., A three component conceptualization of organizational commitment, Human resources management Review 1, 1991, 89-93.
8. Tower, Perrin, Rewards: the not-s-secret ingredient for managing talent (retention) ,HR focus,80(1),2003,3-10.
9. [23] Vaiman,V, Retention management as a means of protecting Tacit Knowledge in an organization: A conceptual framework for
10. Professional services firms, International Journal of Learning and Intellectual Capital 5(20),2008,172-185.
11. [24] Watson ,Wyatt, Work USA 2000:Empliyee commitment and bottom line,Belhesda,MD:Watson Wyatt,1999,43-58.
12. [25] Whitt,W.,The impact of increased employee retention on performance in customer contact center, Manufacturing
13. Services operation management, 8(3), 2006,235-252.
14. [26] William,M.,Dreher,G., Compensation systems attributes and applicant pool characteristics, Academy of management
15. Journal, 435, 1992,571-95.
16. [27] Wills., Go for your goals, working women,2000,6-7

