

A study on impact of Employer-Employee Relationship on Employee Retention with reference to Finance Industry

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ABSTRACT

This research investigates the influence of the employer-employee relationship on employees and emphasizes the importance of understanding the impact of various employee retention strategies, including employee participation, training, job security, work environment, motivation, and the relationship between employees and employers, on both retention and performance. The findings indicate that these factors positively affect both employee retention and performance. The theoretical framework suggests that companies should view their employees as valuable resources, as retaining them is challenging and expensive. The study focuses on exploring the link between employer-employee relationships and employee retention. A total of 115 questionnaires were distributed to respondents, forming the basis of the analysis. Qualitative descriptive research methods were employed, and open-ended questionnaires were used for data collection. Statistical analysis was conducted using PSPP software. The results reveal a significant impact of the employer-employee relationship on employee retention, with culture and work environment identified as major influencers. Interestingly, factors such as compensation and benefits were considered secondary by employees.

Keywords: - Employee's retention, Employee performance, Employee-employer relationship, Descriptive methodology.

1. INTRODUCTION

The relationship between employees and employers plays a crucial role in shaping the overall work experience and job satisfaction of individuals, significantly influencing their decision to remain with a company or explore other job opportunities. Employee retention, which refers to an organization's ability to keep its employees over a specific period, is directly affected by the quality of this relationship. Employee retention is essentially about motivating and encouraging resources to stay within an organization for an extended period to ensure its sustainability. The primary goal of employee retention is to ensure the happiness of both stakeholders, namely employees and employers. This fosters loyalty among employees, leading them to stay with the company longer, which ultimately benefits both parties.

Effective employee retention goes beyond mere record-keeping; it hinges on how well employers understand the various concerns of their employees and support them in resolving their issues when needed. Organizations invest significant time and resources in training new employees and preparing them for the corporate environment. Crucial elements in the employee-employer relationship that impact retention encompass effective communication, trust, and transparency. Organizations that prioritize their employees' development, acknowledge their accomplishments, and provide equitable and gratifying compensation are more likely to retain their workforce.

OBJECTIVES OF THE STUDY

- To study about the techniques used to retain the employees in the organization.
- To ascertain the problems of the employees in the organization.
- To study about the employee retention in the organization.
- To identify how retention strategy reduces employee turnover.

SCOPE OF THE STUDY

- Comprehensive To encourage two-way communication between employees and employer
- To study about career development opportunities.
- To promote work life balance which increases productivity and output
- To identify effective leadership culture.

NEED FOR THE STUDY

- The employer should understand and always collect feedback or survey about what the employee is needed to be in healthy state of mind to enhance their work.
- • The employer should appreciate and recognize top talents which encourages them to feel valued, engaged and motivated.

LIMITATIONS

- Findings Influence among Individual Preferences
- Limited Access to data
- Time constraints
- Cultural and generational differences

2. REVIEW OF LITERATURE

1. **Hassan (2022)** discovered that reward and compensation practices have a significant positive effect on employee retention in the retail sector of Maldives. However, career development, training and development, and performance appraisal were not found to have a significant effect on employee retention. Reward and compensation also had mediating effects on the relationship between training and development as well as performance appraisal with employee retention but there were no moderating effects observed between these factors. The paper further suggested that organizations in the retail sector of Maldives should focus on improving their reward and compensation practices to increase employee retention.
2. **Al-Suraihi et al. (2021)** research, people quit their jobs for a variety of reasons, including job stress, job satisfaction, job security, work environment, motivation, wages, and rewards. As such, organizations must adopt effective strategies to improve employee performance and reduce turnover. One such strategy is the implementation of competitive compensation packages. High-performing organizations recognize and reward employees for their contributions and achievements. This could include bonuses, incentives, awards, public recognition, and opportunities for advancement. When employees feel appreciated and rewarded for their efforts, they are more likely to remain loyal to the organization.
3. **Abou-Moghli, A.A. (2019)** found that structural capital partially mediates the relationship between compensation practices and employee retention. This suggested that firms should focus on developing their structural capital to enhance their ability to retain talented employees. The study further highlighted the importance of compensation practices in retaining talented employees, and suggested that firms should focus on developing their structural capital to enhance their ability to retain employees.
4. **Lempiälä, T., & Vanharanta, O. (2018)** suggest that creative innovators need a high sense of autonomy to exhibit their innovative behaviors for the benefit of the organization. They tried to comprehend by re conceptualizing the paradox of control-freedom in guiding and inspiring innovators in their research. In the study, they analyzed several studies systematically and conducted case studies. They finally concluded that

it is essential to set boundaries for innovators but it is equally important to provide a high level of autonomy so that they can be creative.

5. **Ben-Hur, S., & Kinley, N. (2016)** stated that to help managers understand the concept of intrinsic motivation and how employee behaviour can be changed. They discussed the concept and provided its components. The authors noted that intrinsic motivation is comprised of; autonomy, mastery, and connection. They recommended that managers should foster employees' feelings of autonomy, mastery, and connection to increase intrinsic motivation among their employees.

3. RESEARCH METHODOLOGY

RESEARCH DESIGN

This paper has employed descriptive research design. This paper aims to analyze the employee's perception on employer. Thus, a descriptive research design is adopted to analyze the overall perception of an employer and their retention strategies in Homefirst Finance Company. This paper also aims to analyze the impact of employer-employee relationship on employee retention.

METHOD OF DATA COLLECTION

This paper is solely based on the primary data. Self-administered questionnaires have been used to collect the data. The questionnaires were divided into two parts. The first part was related to the respondent profile, and the second was related to Job satisfaction, work-life balance and professional growth. Five different statements based on the five-point Likert scale were included.

SAMPLE SIZE

Sample size in research refers to the quantity of individuals, items, or data points selected from a broader population to provide a statistically meaningful representation. Its significance lies in its direct influence on the reliability and comprehensiveness of the study's outcomes, making it a vital factor to address in research planning. The Sample Size is 115 taken across the employees of the organization and the employees utilizing the tool.

TOOLS FOR DATA ANALYSIS

SPSS software was employed to conduct Descriptive Statistics, chi-square and correlation analysis. This method was chosen to investigate the potential relationship between various stages of the employer-employee relationship on employee retention.

4. DATA ANALYSIS AND INTERPRETATION

CHI-SQUARE

Chi-square (χ^2) is a statistical test used to determine the relationship between categorical variables or the goodness of fit of observed data to an expected distribution. It calculates a test statistic by comparing observed and expected frequencies, with degrees of freedom based on the table dimensions. Interpretation involves comparing the calculated χ^2 value to a critical value, usually at a significance level of 0.05. If the calculated value exceeds the critical value, it suggests a significant association between variables. Widely applied across disciplines, chi-square analysis aids in understanding patterns and associations in categorical data.

Table No: 4.1

HYPOTHESIS STATEMENT

H₀: There is no significant relationship between gender of the respondents and the organization's responsiveness to employee feedback and suggestions is good

H1: There is significant relationship between gender of the respondents and the organization's responsiveness to employee feedback and suggestions is good

Gender of the respondents × The organization's responsiveness to employee feedback and suggestions is good

Particulars	Value	df	Asymptotic Sig. (2-tailed)
Pearson Chi-Square	10.14	4	.038
Likelihood Ratio	11.63	4	.020
Linear-by-Linear Association	5.82	1	.016
N of Valid Cases	115		

Inference

From the above Table No: 4.1, it was found that the Pearson Chi-Square significant value is .038 which is less than 0.05. Hence Null hypothesis (H0) is rejected and Alternative hypothesis (H1) is accepted. Therefore, it is inferred that there is a significance relationship between gender of the respondents and the organization's responsiveness to employee feedback and suggestions is good.

Table No: 4.2

HYPOTHESIS STATEMENT

H0: There is no significant relationship between job position and I am satisfied with the level of collaboration and teamwork within my department or team.

H1: There is significant relationship between job position and I am satisfied with the level of collaboration and teamwork within my department or team.

Job Position × I am satisfied with the level of collaboration and teamwork within my department or team.

Particulars	Value	df	Asymptotic Sig. (2-tailed)
Pearson Chi-Square	28.85	16	.025
Likelihood Ratio	19.05	16	.266
Linear-by-Linear Association	1.98	1	.160
N of Valid Cases	115		

Inference

From the above Table No: 4.2, it was found that the Pearson Chi-Square significant value is .025 which is less than 0.05. Hence Null hypothesis (H0) is rejected and Alternative hypothesis (H1) is accepted. Therefore, it is inferred that there is significance relationship between job position and I am satisfied with the level of collaboration and teamwork within my department or team.

CORRELATION

Correlation is a statistical measure that indicates the extent to which two or more variables fluctuate together. A positive correlation indicates the extent to which those variables increase or decrease in parallel; a negative correlation indicates the extent to which one variable increase as the other decreases.

Table No: 4.3

HYPOTHESIS STATEMENT

H0: There is no significant relationship between the I am satisfied with the level of autonomy and independence availed in my role and I am happy with my current job.

H1: There is no significant relationship between the I am satisfied with the level of autonomy and independence availed in my role and I am happy with my current job.

I am satisfied with the level of autonomy and independence availed in my role and I am happy with my current job.

		I am satisfied with the level of autonomy and independence availed in my role	I am happy with my current job.
I am satisfied with the level of autonomy and independence availed in my role	Pearson Correlation	1.000	.532
	Sig. (2-tailed)		.000
	N	115	115
I am happy with my current job.	Pearson Correlation	.532	1.000
	Sig. (2-tailed)	.000	
	N	115	115

Inference

From the correlation Table No: 4.3, it can be seen that the correlation coefficient is .532, there is low significant relationship between I am satisfied with the level of autonomy and independence availed in my role and I am happy with my current job. Since p-value (**) < 0.05 , we accept the alternative hypothesis. It can be concluded that there is a statistically low significant correlation between the I am satisfied with the level of autonomy and independence availed in my role and I am happy with my current job.

Table No: 4.4

HYPOTHESIS STATEMENT

H0: There is no significant relationship between I am satisfied with the company’s culture and values promoted by my employer and the company promotes diversity and inclusion effectively.

H1: There is significant relationship between I am satisfied with the company’s culture and values promoted by my employer and the company promotes diversity and inclusion effectively.

I am satisfied with the company’s culture and values promoted by my employer and the company promotes diversity and inclusion effectively.

		I am satisfied with the company’s culture and values promoted by my employer	The company promotes diversity and inclusion effectively.
I am satisfied with the company’s culture and values promoted by my employer	Pearson Correlation	1.000	.660
	Sig. (2-tailed)		.000
	N	115	115
The company promotes diversity and inclusion effectively.	Pearson Correlation	.660	1.000
	Sig. (2-tailed)	.000	
	N	115	115

Inference

From the correlation Table No: 4.4, it can be seen that the correlation coefficient is .660, there is moderate significant relationship between I am satisfied with the company’s culture and values promoted by my employer and the company promotes diversity and inclusion effectively. Since p-value (**) < 0.05, we accept the alternative hypothesis. It can be concluded that there is a statistically moderate significant correlation between I am satisfied with the company’s culture and values promoted by my employer and the company promotes diversity and inclusion effectively

Table No: 4.5

HYPOTHESIS STATEMENT

H0: There is no significant relationship between I feel satisfied with the reward system within the company and I am satisfied with the flexibility provided by my employer to maintain a healthy work-life balance.

H1: There is significant relationship between I feel satisfied with the reward system within the company and I am satisfied with the flexibility provided by my employer to maintain a healthy work-life balance.

I feel satisfied with the reward system within the company and I am satisfied with the flexibility provided by my employer to maintain a healthy work-life balance.

		I feel satisfied with the reward system within the company	I am satisfied with the flexibility provided by my employer to maintain a healthy work-life balance.
I feel satisfied with the reward system within the company	Pearson Correlation	1.000	.394
	Sig. (2-tailed)		.000
	N	115	115

		I feel satisfied with the reward system within the company	I am satisfied with the flexibility provided by my employer to maintain a healthy work-life balance.
I am satisfied with the flexibility provided by my employer to maintain a healthy work-life balance.	Pearson Correlation	.394	1.000
	Sig. (2-tailed)	.000	
	N	115	115

Inference

From the correlation table 4.5, it can be seen that the correlation coefficient is .394, there is low significant relationship between I feel satisfied with the reward system within the company and I am satisfied with the flexibility provided by my employer to maintain a healthy work-life balance and the Since p-value (**) < 0.05 , we accept the alternative hypothesis. It can be concluded that there is a statistically low significant correlation between I feel satisfied with the reward system within the company and I am satisfied with the flexibility provided by my employer to maintain a healthy work-life balance.

5. FINDINGS

- There is significant relationship between gender of the respondents and the organization's responsiveness to employee feedback and suggestions is good
- There is significance relationship between job position and I am satisfied with the level of collaboration and teamwork within my department or team.
- There is a statistically low significant correlation between the I am satisfied with the level of autonomy and independence availed in my role and I am happy with my current job.
- There is a statistically moderate significant correlation between I am satisfied with the company's culture and values promoted by my employer and the company promotes diversity and inclusion effectively.
- That there is a statistically low significant correlation between I feel satisfied with the reward system within the company and I am satisfied with the flexibility provided by my employer to maintain a healthy work-life balance.

6. SUGGESTIONS

- Recognize and appreciate employees for their contributions and achievements. Implement reward and recognition programs to acknowledge outstanding performance, milestones, and efforts that go above and beyond expectations.
- Promote work-life balance by offering flexible work arrangements, such as telecommuting options, flexible hours, or compressed workweeks. Encourage employees to take time off for rest and relaxation to avoid burnout and maintain overall well-being.
- Create a positive work environment that promotes job satisfaction and fulfilment. Foster camaraderie among employees through team-building activities, social events, and opportunities for collaboration.
- Engage employees in CSR initiatives and community outreach programs that align with their values and interests. Encourage volunteering, charitable giving, and participation in environmental sustainability efforts to create a sense of purpose and fulfilment beyond work.
- Conduct regular check-ins with employees to assess their well-being, workload, and job satisfaction. Offer support and resources to help them overcome challenges and achieve their goals within the organization.

7. CONCLUSION

In conclusion, the study sought to examine how the relationship between employers and employees influences employee retention, utilizing a sample size of 115 participants. Data was gathered via self-administered questionnaires distributed among employees using a simple random sampling approach. Results indicated a high level of employee satisfaction with their relationships with employers, leading to decreased turnover rates. The study highlighted the effectiveness of the employer's retention strategies in fostering positive relationships with employees.

8. REFERENCES

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