



A Study On Employee Retention And Its Impact On Organizational Performance: Motivation Plays A Moderator Role With Reference To Private Sector Banks In Hyderabad

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ABSTRACT

Employee's plays very important role in organization for their achievements and success or failure of its performance. In current scenario retaining talented employees in organization is the main task for organizations for their growth and sustainability.

Purpose of the Study: The main purpose of this study is to find that motivation impact on employees to retain in the organization and its impact on organizational performance.

Design/methodology/approach:

The study was developed a qualitative research survey and collected the information from private sector banks employees the respondents concluded up with only 246 sample after clarifying samples, multi regression analysis is to find the impact on the employee retention and organizational performance and for it analyse.

Findings:

The evidence discovered that motivation plays significant role in employee retention and it have high impact on employee to retain in organization and increase its performance. And there is a positive relation between motivation and employee retention. But it concerned only to low level employees and middle level and top-level employees are limited to this study.

Practical implications:

This study should help the organizations to retain employees through motivational strategies to increase their performance.

Originality of the study:

Foremost the study discovered that the employee retention is the major challenge faced by organizations and it is difficult to retain talented employees in organization to increase their performance, secondly it started working on motivating employees in various aspects to retain them and check its impact on performance and to retain them, the result is slightly change in behaviour of employees and retaining in the organization and increasing the performance, finally it proving that motivation plays very vital role in retaining the employees in organization and there is a positive relation between them.

Key Words: Employee Retention, Motivation, Organizational Performance.

Introduction:

From the last two decades, organizations are facing a challenge to retain the talented employees, and it became a critical problem to increase the organizational performance. And this topic has been important for

research scholars to workout on it and to find the solution for organizations to face the challenge to retain the talented employees. In this study the researcher has taken a step as to play motivation as moderating role in between employee retention and to increase the organizational performance. And implemented various motivational theories on employees to motivate them to retain in the organization.

Motivation is one of the important strategies that plays major role for organization sustainability, mainly in the private sector. Now a days the rapidly growing sector is banking so the researcher, in this study focused on private sector banks in Hyderabad and conducted the survey on various level of employee and their changing behaviour according to their work environment and tasks, and it leads to less commitment towards their work. In this study Researcher applied different motivational theories on employees in different situations, and also applied both intrinsic and extrinsic motivational strategies to retain the employees. Intrinsic motivation includes internal rewards and extrinsic motivation include external reward The other factors including organizational culture, compensation, reward, recognition, promotion opportunities, work environment leads to motivate the employees.

Literature review:

According to Maslow's, "One must satisfy lower-level needs before moving on to higher-level ones." This statement is based on the hierarchy-of-needs theory, which is one of the most influential theories of motivation. In this theory he explains that employees should first satisfy their basic needs then only they can look for further needs the organization should motivate the employees to move forward to achieve other needs to achieve their goals.

physiological needs: are basic needs for survival such as air, sleep, food, water, clothing, sex, and shelter.

Safety needs: Protection from threats, deprivation, and other dangers (e.g., health, secure employment, and property)

Social (belongingness and love) needs: The need for association, affiliation, friendship, and so on.

Self-esteem needs: The need for respect and recognition.

Self-actualization needs: The opportunity for personal development, learning, and fun/creative/challenging work. Self-actualization is the highest-level need to which a human being can aspire.

According to Herzberg the needs of employees is classified into two categories they are hygiene and motivation factors, poor hygiene factors may destroy motivation, whereas high hygiene factors are not sufficient to motivate employees need motivator factors to motivate them.

According to McClelland that motivation do not depend on age or gender it mainly focus on three points **Achievement, Affiliation, Power** depending upon these three aspects the motivation of employees will take place

According to Vroom's expectancy theory $Motivation = Expectancy * Instrumentality * Valence$. The three elements are important when choosing one element over another because they are clearly depend on the other values.

McGregor's Theory X and Theory Y according to this author the employee have two different styles of management according to their characteristics we need to motivate employees to engage them in work and to retain them for organization performance.

Employee Retention

Employee retention refers to the strategies organizations use to prevent employees from leaving, It is crucial to maintain a high retention rate, as high turnover can be costly and impact team morale, Effective retention involves competitive benefits, a positive work environment, and growth opportunities, Employee retention is often expressed as a statistic; the percentage of employees that remain in a company for a fixed time period (e.g. a quarter), To measure it, use the following employee retention rate formula. $Employee\ Retention\ Rate = ((Number\ of\ Employees\ who\ remained\ employed\ for\ the\ entire\ period) / (Number\ of\ Employees\ at\ the\ start\ of\ the\ period)) \times 100$

Retaining talent employee in the organization is a critical challenge faced by organizations they need to follow certain retention strategies to retain them. Few private banks are following below strategies to retain employees.

Offer competitive compensation: Offering a wage worthy of sacrifice and hard work should be the number one priority when making your employees feel their work is valued. Proper compensation is far and away more important than any other item on this list; you will not retain employees effectively unless you pay them what their time is worth

Provide opportunities for growth: Employees want to feel like they are progressing in their careers. Providing opportunities for growth and development can help employees feel valued and motivated 1.

Create a positive work environment: A positive work environment can help foster positive attitudes towards work. This can be achieved by providing a conducive work environment, promoting work-life balance, and encouraging open communication

Offer flexible work arrangements: Providing flexible work arrangements such as remote work or flexible schedules can help employees achieve a better work-life balance

Recognize and reward employees: Recognizing and rewarding employees for their hard work can help foster a sense of appreciation and motivation

Provide employee benefits: Providing employee benefits such as health insurance, retirement plans, and paid time off can help employees feel valued and motivated

Encourage employee feedback: Encouraging employee feedback can help organizations identify areas for improvement and foster open communication

Provide a clear career path: Providing a clear career path can help employees understand their role in the organization and what they need to do to progress in their careers

Promote work-life balance: Promoting work-life balance can help employees achieve a better balance between their personal and professional lives

Provide employee recognition programs: Providing employee recognition programs can help foster a sense of appreciation and motivation

Organizational Performance:

Organizational performance refers to how well an organization is doing and how much of its daily tasks and set objectives it successfully completes. Measuring organizational performance involves comparing its actual outputs or results with the intended ones, Organizational performance can be measured in various ways, including financial performance, product market performance, and shareholder return

Organizations can improve their performance by focusing on factors such as competitive compensation and benefits, opportunities for growth, creating a positive work environment, offering flexible work arrangements, recognizing and rewarding employees, providing employee benefits, encouraging employee feedback, providing a clear career path, promoting work-life balance, and providing employee recognition programs. However, some researchers have defined organizational performance as the degree to which an organization, with some informational, financial, and human resources, positions itself effectively on the business market.

Conceptual Frame work

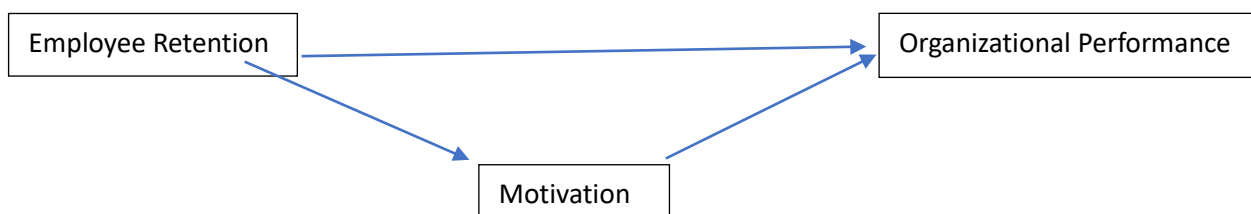


Fig 1 Researcher Source 2023

Objectives of the Study:

1. To Study the Employee Retention Strategies in Private Sector Banks
2. To Study the Impact of Motivation on Employees Retention
3. To Study the relationship between employee retention and organizational performance while motivation is acting as moderator role

Research Methodology

The main aim of the study is about how motivation plays important role and leads them to retain in the organization for organizational performance, previous research studies that conclude that motivation plays a important role in retaining the employees but it confirmed with IT sector, but this study is mainly focused on private sector banks with more fluctuations in the workloads and employee targets it leads to high retention rate in organizations and it leads to decrease in performance.

H01: Motivation has a significant impact on employee retention.

H02: Motivation has a significant impact on perceived organizational performance

H03: organizational Performance has a significant impact on employee retention.

H04: organizational Performance moderates the relationship between motivation and employee retention

Methodology

The main focus of this paper is to know and identify how motivation will impact on employees to retain in organization and increase its performance.

Research Design:

Qualitative Analysis is used for this study

Sample Size:

The employees of Private Sector Bank Employees from Hyderabad is selected as entire population for the study from this the sample of 246 employees are taken into consideration, by using sample selection calculator

Collection of Data

Both Primary and Secondary Data is used for this study.

Primary Data:

Primary data is collected by using structured questionnaire method with five-pointed Likert scale to measure the response of respondents.

Secondary Data:

Secondary data is collected from various research articles literature reviews and website of banks

Research analysis

Descriptive statistical data is used to analysis data, correlation is also tested to find the relation between the two variables, and multi regression analysis also used to know the relation between the moderator impact on organizational performance.

Data analysis:

Operational variables

Operational variables are very important in identifying the relation between the variables and measuring the absolute values.

1. To measure organizational performance impact on employee retention by using motivation as moderating value ,6 items are framed to measure on five pointed Likert scale.
2. To measure motivation impact on employee retention 5 items on five pointed Likert scale is framed the impact
3. Organizational performance impact on employee retention 6 items on five-pointed Likert scale is framed to measure the relation

Initially Descriptive analysis was conducted to identify the demographic data of respondents, the results are as follows by researchers' observations dec 2023, as source

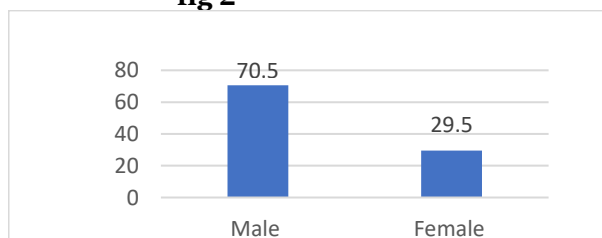
Gender Wise Demographic Data

The below data represented gender is observed that 70.5% of male and 29.5% female respondents are involved in this research

Table 1

Gender	No of respondents
Male	70.5%
Female	29.5%
Total	100

fig 2



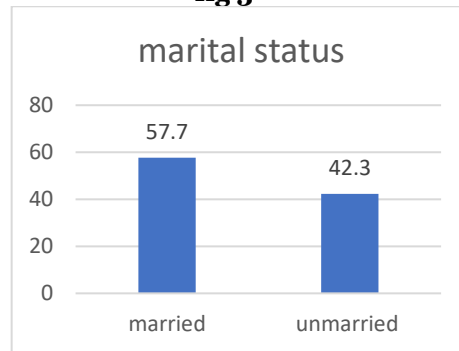
Marital Status Demographic Data

The below data is represented about marital status of employees and its impact on employee retention

Table 2

Marital Status	No of respondents
Married	57.7%
Unmarried	42.3%
Total	100

fig 3



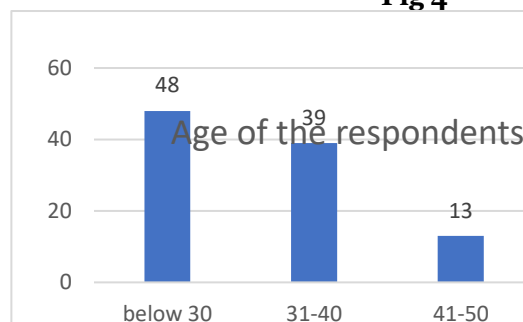
Age Wise Demographic Data

How age is impact on employee retention and organizational performance

Table 3

Age	No of respondents
Below 30	48%
31-40	39%
41-50	13%

Fig 4



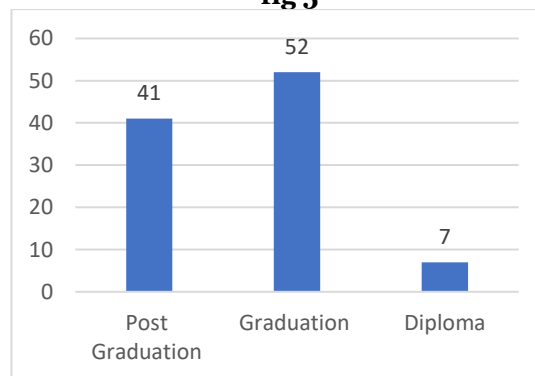
Education of the respondents

From this data the researcher can observed that what is the impact of education on employee retention and its impact on organizational performance.

Table 4

Education	No of respondents
PG	41%
Graduation	52%
Diploma	7%
Total	100

fig 5



Reliability Test for Variable's

Table 5

Reliability test for variables		Cronbach's	Result
Employee Retention (ER)	ER 1	0.872	Accepted
	ER 2		
	ER 3		
	ER 4		
	ER 5		
	ER 6		
Employee Motivation (EM)	EM 1	0.781	Accepted
	EM 2		
	EM 3		

	EM 4		
	EM 5		
Organizational Performance (OP)	OP 1	0.832	Accepted
	OP 2		
	OP 3		
	OP 4		
	OP 5		
	OP 6		

from the above table it is identify that the reliability test on variables are Acceptable with Employee Retention 0.872, Employee Motivation 0.781, Organizational Performance 0.832.

Summary statistics:

Table 6

Variable	Observations	Obs. with missing data	Obs. without missing data	Minimum	Maximum	Mean	Std. deviation
Employee Retention	16	0	16	4.000	7.000	6.625	1.025
Employee Motivation		0	16	3.000	7.000	5.750	1.065

The above table is the summary statistics of observations with mean and SD for Variables employee Retention and employee motivation

Correlation matrix:

Correlation between employee retention and organization performance

Table 7

Corelation	Employee Retention	Organizational performance
Employee Retention	1	0.825
Organizational Performance	0.825	1

From the above table it analysed that the corelation between employee retention and organizational performance it is a positive corelation between them if employee talented employees retain in the organization by providing Intrinsic and extrinsic motivation to employees

Regression of variable 7:

Goodness of fit statistics

Table 8

Observations	16
Sum of weights	16
DF	14
R ²	0.681
Adjusted R ²	0.658
MSE	0.359
RMSE	0.599
MAPE	7.425
DW	1.878
Cp	2.000
AIC	-14.517
AICC	-13.593
SBC	-12.971
PC	0.411

The above table identifies the goodness of fit statistics and observed the values like R² is 0.681, adjusted R² is 0.658, with three variables like employee retention, employee motivation, and organizational performance.

Analysis of variance

Table 9

Source	DF	Sum of squares	Mean squares	F	Pr > F	p-values signification codes
Model	1.000	10.721	10.721	29.842	<0.0001	***
Error	14.000	5.029	0.359			
Corrected Total	15.000	15.750				

Computed against model
Y=Mean(Y)

Signification codes: 0 < *** < 0.001 < ** < 0.01 < * < 0.05 < . < 0.1 < ° < 1

Model parameters (7):

Table 10

Source	Value	Standard error	t	Pr > t	Lower bound (95%)	Upper bound (95%)	p-values signification codes
Intercept	2.059	0.849	2.424	0.029	0.237	3.880	*
5	0.794	0.145	5.463	<0.0001	0.482	1.106	***

Signification codes: 0 < *** < 0.001 < ** < 0.01 < * < 0.05 < . < 0.1 < ° < 1

Standardized coefficients

Table 11

Source	Value	Standard error	t	Pr > t	Lower bound (95%)	Upper bound (95%)	p-values signification codes
5	0.825	0.151	5.463	<0.0001	0.501	1.149	*

Signification codes: 0 < *** < 0.001 < ** < 0.01 < * < 0.05 < . < 0.1 < ° < 1

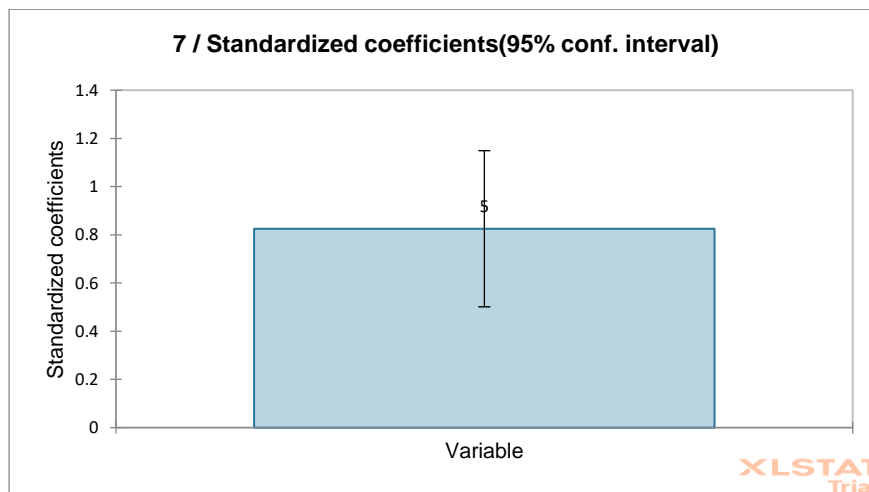


Fig 6

Results of Hypotheses Testing (Direct and Indirect Relationships)

Table 12

Observation	Weight	5	7	Pred(7)	Residual	Std. residual	Std. dev. on pred. (Mean)	Lower bound 95% (Mean)	Upper bound 95% (Mean)	Std. dev. on pred. (Observation)	Decision
ER1	1	5.000	7.000	6.029	0.971	1.619	0.185	5.632	6.427	0.627	Supported
ER2	1	5.000	7.000	6.029	0.971	1.619	0.185	5.632	6.427	0.627	Supported
ER3	1	7.000	7.000	7.618	-0.618	-1.030	0.236	7.112	8.123	0.644	Supported
ER4	1	6.000	7.000	6.824	0.176	0.294	0.154	6.493	7.154	0.619	Supported
ER5	1	7.000	7.000	7.618	-0.618	-1.030	0.236	7.112	8.123	0.644	Supported
ER6	1	3.000	4.000	4.441	-0.441	-0.736	0.427	3.526	5.357	0.736	Supported
EM1	1	6.000	7.000	6.824	0.176	0.294	0.154	6.493	7.154	0.619	Supported
EM2	1	6.000	7.000	6.824	0.176	0.294	0.154	6.493	7.154	0.619	Supported
EM3	1	6.000	7.000	6.824	0.176	0.294	0.154	6.493	7.154	0.619	Supported
EM 4	1	6.000	7.000	6.824	0.176	0.294	0.154	6.493	7.154	0.619	Supported
EM 5	1	7.000	7.000	7.618	-0.618	-1.030	0.236	7.112	8.123	0.644	Supported
OP 1	1	6.000	7.000	6.824	0.176	0.294	0.154	6.493	7.154	0.619	Supported
OP 2	1	4.000	4.000	5.235	-1.235	-2.061	0.295	4.602	5.869	0.668	Supported
OP 3	1	6.000	7.000	6.824	0.176	0.294	0.154	6.493	7.154	0.619	Supported
OP 4	1	6.000	7.000	6.824	0.176	0.294	0.154	6.493	7.154	0.619	Supported
OP 5	1	6.000	7.000	6.824	0.176	0.294	0.154	6.493	7.154	0.619	Supported

The main objective of this study was to find the mediating effect of employee motivation and employee retention. After collecting and analysing the primary data, it has been observed that motivation is equally essential for employee retention, both have a significant positive effect on employee retention. Motivated employees think more positive about organization and they stay longer with that organization. For employee motivation and satisfaction, intrinsic and extrinsic rewards are crucial. When the employees are satisfied

with their job, they show great loyalty and commitment with the organization. Retention of employees differ because of employee motivation about organization performance. Therefore, it can be concluded with confidence that organizational performance will increase with talented employee retain in organization while motivation would play a significant role.

In private sector banks the employees have more work pressure to meet their targets and they will feel it as work stress and continuously try to change their job so in private sector banks there is more retention compare to public sector banks.

From this study it observed that the private sector bank employees have multi task job environment and more stress to achieve their targets and it leads to decrease in their performance and overall performance of organization will also decrease, in this situation to retain talented employees' organizations need to focus more on employee motivation, both intrinsic and extrinsic motivation plays important role in organizations to retain talented employees in organization

Few motivational strategies to retain the employees in private sector banks

1. Competitive compensation and benefits
2. Career development opportunities
3. Work-life balance
4. Employee recognition and appreciation
5. Strong company culture
6. Effective leadership and management

Discussions and Future Recommendations

From the above analysis it is observed that motivation plays a significant impact on employee to retain talent employees in organization. There is a positive correlation between motivation and employee retention and its impact on increase of organizational performance. The future researches in the same domain are advised to add the moderating effect of organizational culture and its sustainability. The study observed that profitable banks are more focusing on their productivity rather than employee satisfaction, but employee plays very important role in building up the shape of the organization. Without employees they cannot do anything, so motivation plays important role in the organization to retain employees in organization and increase its performance.

Conclusions

From this study it observed that the private sector bank employees have multi task job environment and more stress to achieve their targets and it leads to decrease in their performance and overall performance of organization will also decrease, in this situation to retain talented employees' organizations need to focus more on employee motivation, both intrinsic and extrinsic motivation plays important role in organizations to retain talented employees in organization

Recommendation

1. Even the organizations providing motivation to employees to retain them, Employees should be motivated to make organization sustainability.
2. Organizations also focus more on employee's satisfaction to retain them in organization then their sustainability.
3. Organizations should provide proper training to employees according to changing technology and culture to meet their objectives and goals for sustainability.

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