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Determinants of Employee Retention Among Medical Professionals in Puducherry

^{*1}Dr. R Senthil Kumar

^{*1} Assistant Professor, Department of Business Administration, Annamalai University, New Delhi, India.

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Abstract

This study aimed to analyze the factors which are influencing employee retention. There are a lot of factors influencing employee retention. However, in this research, pay, benefits, allowance, bonus and recognition are the factors considered as the determinants of employee retention. The determinant variables are taken as the independent variable and employee retention taken as the dependent variable. For above said variables, a structured questionnaire has been constructed based on this previous research work available in the area. Questionnaire has been used to collect the primary data. Descriptive type of research is applied. Purposive sampling technique is used to select the sample size. 445 medical professionals such as doctors, nurses and paramedical staff have been approached for primary data collection. The collected data are analysed with correlation and multiple regression. The results show that pay, benefits, allowance, bonus and recognition have been related and influenced the medical professional job retention.

*Corresponding Author

Dr. R Senthil Kumar

Assistant Professor, Department of
Business Administration, Annamalai
University, New Delhi, India.

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Introduction

Equity theory is concerned with the perceptions people have about how they are being treated as compared with others. Equity involves feelings and perceptions and is always a comparative process. Equity theory states in effect, that people will be better motivated if they are treated equally and demotivated if they are treated inequitably. It explains only one aspect of the process of motivation and job retention, although it may be significant in terms of morale (Armstrong, 2003). There are two forms of equity such as distributive equity and procedural equity. Distributive is concerned with the fairness with which people feel they are rewarded in accordance with their contributions and comparison with others procedural equity is concerned with the perceptions employees have about the fairness with the company procedures in such areas as performance appraisal, promotion, and discipline are being operated (Adams, 1965). In equity theory of pay stated that inequity exists for persons whenever they perceive that the ratio of their outcomes to inputs and the ratio of other's outcomes to others inputs are unequal. For example, the contribution of both employee A and employee

B are equal and their reward is also at par may be as a result of them having the same skills, talents, efforts, education which they brought into the job. The two of them receive the same reward, they are well motivated and hence having pay satisfaction which will induce them to put more effort to attain the goals of the organisation, thereby reducing absenteeism, reduction in labour intent, more commitment and loyalty to the objectives of the firm. But, the reward of employee A is greater than that of employee B which may due to the fact that employee A possess more skills, well educated, does his work with little or no supervision, punctuality at work is high, ready to take more risk and more committed to the goals and aspirations of the firm than employee B whom they were employed the same day and this automatically leads to employee A being overpaid than employee B. This eventually will cause dissatisfaction on the part of employee B which 15 might demoralise him thereby reducing his productivity level (Gino and Pierce, 2010). This may induce any of the workers who are inevitably underpaid to increase his performance level.

Review of Literature

Khan, *et al.*, (2011) explored the basic facts about one of the important aspects of Compensation Management and how it affects the job satisfaction and employee retention in the banking sector of Pakistan. The authors have analyzed the success factors of one of the leading banks of Pakistan as a case study method and explored the leading satisfactory factors, issues and challenges regarding compensation policy of the study bank. Samples of 450 employees have been selected. Questionnaire is used to collect the data. It is revealed that the changing trend of employees from financial rewards to non-financial rewards as well. Along with various success factors by which the bank retains its employees. The results have shown that work overload, lack of practical 51 approach and seniority oriented incentive plans are the major issues which need immediate attention by the administration. Mathis and Jackson (2010) advocated regularly communicating to employees and managers about the compensation philosophy helps to reinforce the organizational commitment. A recent study found that communication of profit-sharing information increased knowledge, which influenced commitment and satisfaction. Communication also can enhance understanding and perceptions of pay policies, encouraging greater generalized pay satisfaction and career development. Finally, establishing a dialogue with employees about total rewards enables them to be more involved with the development of pay systems that enhance talent and return on investment. A company's compensation philosophy can be used to develop individual talent in an organization.

Bob (2011) stated that compensation management processes are based on compensation philosophies and strategies and contain arrangement in the shape of policies and strategies, guiding principles, structures and procedures which are devised and managed to provide and maintain appropriate types and levels of pay, benefits and other forms of compensation. This constitutes measuring job values, designing and maintaining pay structures, paying for performance, competence and skill, and providing employee benefits. However, compensation management is not just about money. It is also concerned with that nonfinancial compensation which provides intrinsic or extrinsic motivation. Process of compensation management is to establish and maintain an equitable wage and salary structure and an equitable cost structure. It involves job evaluation, wage and salary, profit sharing and control of pay costs.

Danish and Usman (2010) made an attempt to find out the major factors that motivate employees and it tells what is the relationship among reward, recognition and motivation while working within an organization. The data are collected from employees of diverse types of organizations to gain wide representation of sectoral composition. 250 self administered questionnaires are distributed among the employees of different sectors. The participation in the survey was voluntary and confidentiality of responses was ensured. The results showed that different dimensions of work motivation and retention are significantly correlated and reward and recognition have a great impact on motivation of the employees.

Calvin and Bongani (2017) investigated the impact of compensation, benefits on job satisfaction among academic staff in higher education institutions in a South African context. There is paucity of research investigating specifically the relationship between compensation, benefits and job satisfaction within the higher education institutions nationally. This study employed the quantitative research method to

investigate the influence of rewards on talent attraction and retention. An explanatory hypothesis generating approach was employed and a survey design was used to collect data through a semi-structured questionnaire. A sample of 279 academic staff, which was the total population of participants, were selected for this study. A positive and significant effect of compensation on job retention. Moreover, there were no significant effects between benefits and job retention. Therefore, only compensation significantly predicted job satisfaction among academic staff

Research Problem

The relationship between organizational compensation system and employees performance is indispensable, though some surrounding factors may determine the retention one derives from the other. The high inflation rate which has led to high cost of living, low income and purchasing power can be a reason for poor performance. From this, there is a need for management to build its reward system along the line of actual performance and actual level of work, input and productivity. Therefore, the problem of trying to figure out these loopholes with the intent of correcting them forms the basis for this research. Therefore, this study aims to assess the existing compensation management practice of the hospital and the perception of employees toward the practices. In doing this, the existing compensation management practices are assessed from varied dimension such as alignment with individual, team and organizational performance, compliance to the law of the country, competitiveness in the labor market, contextual fitness with business and HR 31 strategies, equity, and fairness aspects, transparency to employees, and flexibility to change occur in the external or internal environment.

Objectives of the Study

1. To analyse the relationship between compensation management practices and employee retention.
2. To analyse the effect of compensation management practices on employee retention

Hypothesis of the Study

H1: Compensation management practices have been related to employee retention.

H1: The compensation management practices have influenced employee retention.

Research Methodology

Type of Research: Descriptive research type is applied for this research work. The variables considered for this study are alignment, compliance, competitiveness, transparency, equity, fearlessness, consistency, conceptual fitness and flexibility as the independent variable, employee retention is taken as a dependent variable.

Sampling Procedure this study medical profession such as doctors, nurses and paramedical staff are considered as population, from this population 445 sample respondents taken as sample size through purposive sampling on previous research work. A questionnaire has been distributed to the sample respondents. Statistical Tools Used Pearson correlation and multiple regression analysis have been applied to that stated hypothesis. Results and Discussion The researcher presents the profile of the employee, employee perception towards the study variables, factors influencing drivers for employee retention.

Table 1: Relationship between effective compensation management practices and steps taken in hospital to retain its employee.

Compensation management practices	Steps taken in hospital to retain its employee	
	R-value	P-value
Alignment	0.549	0.001
Compliance	0.270	0.001
Competitiveness	-0.354	0.001
Transparency	-0.359	0.001
Equity	0.392	0.001
Fairness	0.337	0.001
Consistency	0.361	0.001
Contextual fitness	0.364	0.001
Flexibility	0.530	0.001

Table 1 explains the relationship between the effective compensation management practices in the hospital and steps taken in the hospital to retain its employees.

H₁: The effective compensation management practices in the hospital have a relationship with the steps taken in the hospital to retain its employees.

In order to test the above stated hypothesis, a person correlation test is executed. The calculated p values for all the effective compensation management practices in the hospital when correlated with the steps taken in the hospital to retain its employees are found to be significant at one percent level and hence the above stated hypothesis gets accepted. Further the correlation value ranges from 0.549 to -0.349. From the r values it is observed that the employees working in the

hospital highly rated the effective compensation practice of alignment provided to them (0.549) followed by the flexibility given to the employees (0.530), equity (0.392) the contextual fitness (0.364), the consistency (0.361), fairness (0.337), compliance (0.270), competitiveness (0.354) and transparency (0.359). From the result it is observed that the effective compensation practices of alignment, compliance, equity, fairness, consistency, contextual fitness and flexibility have significant and positive relationship with the steps taken in the hospital to retain its employees whereas the effective compensation practices of competitiveness and transparency in the hospital have significant but negative relationship with the steps taken in the hospital to retain its employees.

Table 2: The effect of effective compensation management practices on steps taken in hospital to retain its employee

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.698 ^a	.588	.597	.95887		
Model	Sum of Squares	Df	Mean Square	F-value	Sig.	
Regression	380.486	9	42.276	45.981	.000 ^b	
Residual	399.950	435	.919			
Total	780.436	444				
Coefficients ^a						
Effective Compensation management Practices		Unstandardized Coefficients		Standardized Coefficients	t-value	Sig.
		B	Std. Error	Beta		
(Constant)		.278	.295		-.945	.045
Alignment		-.038	.113	.590	9.186	.000
Compliance		.014	.039	.014	.364	.016
Competitiveness		.520	.087	.423	6.012	.000
Transparency		-.251	.106	-.143	-2.367	.018
Equity		.001	.066	-.001	-.014	.039
Fairness		.481	.097	-.304	-4.940	.000
Consistency		.384	.097	-.239	-3.957	.000
Contextual		.206	.074	-.147	-2.788	.006
Flexibility		.430	.072	.574	11.573	.000

Table 2 shows the effect of effective compensation management practices on steps taken in hospitals to retain its employees.

H₁: The effective compensation management practices have an effect on steps taken in hospitals to retain its employees.

In order to test the above stated hypothesis Multiple linear regression is applied. Here the effective compensation management practices are considered as independent variables and steps taken in the hospital to retain its employees. From the ANOVA model summary result it is observed that the f- value is 45.981 and p-value is 0.001 which is significant at one percent level. Therefore the above stated hypothesis gets accepted. The adjusted R² value reveals that the variance explains the influence of independent

variables on dependent variables. Here the adjusted R² value is 0.597 which shows that the effective compensation management practices of the hospital have influenced the steps taken in the hospital to retain its employees at 59.7 percent level. Further the regression coefficient value explains the strength of association between the effective compensation management practices and steps taken in hospitals to retain its employees.

It is expressed by the following equation, Steps taken in hospital to retain its employees = 0.278+ 0.014 (compliance) +0.520 (competitiveness) +0.001 (equity) +0.481 (fairness) +0.384 (consistency) +0.206 (contextual fitness) +0.430 (flexibility) -0.038 (alignment) -0.251 (transparency).

From the regression equation it is clearly interpreted that for

one unit increase in the steps taken in hospital the compensation management practices of compliance have influenced at 0.014 level while other factors remain constant. Similarly the effective compensation management practices of compliance, competitiveness, equity, fairness, consistency, contextual fitness and flexibility have influenced the enhancement of employees motivation towards work at 0.014, 0.520, 0.001, 0.481, 0.384, 0.206 and 0.430 levels respectively when the respective other factors remain constant. The one unit decrease in the steps taken in the hospital to retain its employees the effective compensation management practices of alignment and transparency have influenced at -0.038 and -0.251 respectively while other factors remain constant.

From this it is concluded that the effective compensation management practices of compliance, competitiveness, equity, fairness, consistency, contextual fitness and consistency are having positive effect on steps taken in hospital to retain its employees whereas the effective compensation management practices of alignment and transparency are having negative effect on steps taken in hospital to retain its employees.

Findings

It is observed that the effective compensation practices of alignment, compliance, equity, fairness, consistency, contextual fitness and flexibility have significant and positive relationship with the steps taken in the hospital to retain its employees whereas the effective compensation practices of competitiveness and transparency in the hospital have significant but negative relationship with the steps taken in the hospital to retain its employees. It is observed that the effective compensation management practices of compliance, competitiveness, equity, fairness, consistency, contextual fitness and consistency are having positive effect on steps taken in hospital to retain its employees whereas the effective compensation management practices of alignment and transparency are having negative effect on steps taken in hospital to retain its employees.

Conclusion

This research aimed to analyze the determinants of employee retention. The result shows that alignment, compliance, competitiveness, transparency, equity, fearlessness, consistency, conceptual fitness and flexibility determines employee retention. So, engagement is a perception that places continuous improvement, changes and flexibility at the empathy of what it means. Engagement is a condition of intellectual and emotional pledge to a group that will assist accomplish organization.

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