

IMPACT OF ORGANIZATIONAL FACTORS ON EMPLOYEE RETENTION: A MEDIATING ROLE
OF EMPLOYEE MORALE WITH SPECIAL REFERENCE TO DOCTORS OF EYE HOSPITALS,
COIMBATORE

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COIMBATORE**

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Abstract

Retention is the ability to hold the position, power and economic status in general. Employee retention emphasises holding the best, smart working and productive employee for the organization's benefit and growth. Organizational factors and employee morale plays a vital role in retaining employees. Organizational factors include Organisational culture, leadership, co-workers, nature of work, work environment and employer brand are significant in retaining employees. High morale prevailing in an organization leads to increase in the employee performance, enhances productivity, improves teamwork, creates trust and belongingness towards the organization, while low morale affects the organization culture that in turn affects productivity. In an organization if the employees have high morale, their attitude to stay in the organization increases and vice versa. This study aims to investigate the impact of organizational factors on retention with the mediating role of employee morale among 100 doctors in eye hospitals, Coimbatore. The study discloses that changing organizational factors according the employee needs is the key for retaining the valuable employees for a long run in the organization.

Key words: *Organizational factors, Employee Retention, Employee Morale, Eye Doctors*

Introduction

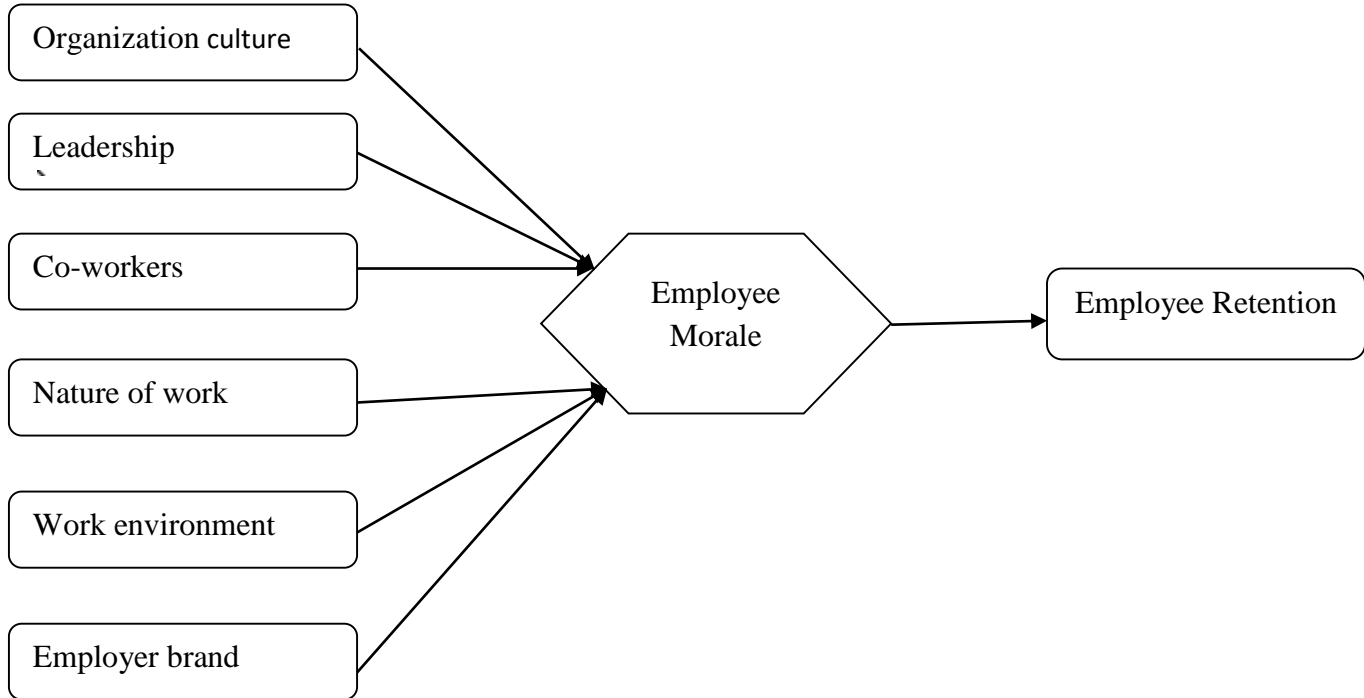
Employee Retention involves taking all strategic measures to encourage employees to remain in the organization for the maximum period of time. Employee retention is beneficial for the organization as well as the employee. Effective employee retention is a systematic effort by employers to create an environment that encourages current employees to remain employed, by having policies and practices in place that address their diverse needs.

Maintaining high employee morale is extremely important for long-term sustainability of hospitals and also gives a competitive edge. When employee morale is low, it affects productivity, performance, and hinders employee retention.

Organizations need to retain talented, skilled, and competent employees so as to reduce employee turnover costs and increase productivity, performance, and profitability. As these employees exit from the company, it could cause damaging the effects on the efficiency and profits of the company (Zingheim et al, 2009). Today, organizations are more involved in keeping valuable employees while valuable employees are getting harder to retain (Panoch, 2001). Employee retention is especially challenging nowadays because of an aging senior labour force and lack of competent employees (Padron, 2004). With a dynamic global economy, organizations must comprehend and make use of key notions concerning employee retention. If organizations don't adapt, they could face some negative findings which include cost of employee turnover (Panoch, 2001). It is widely known that one of

the costly effects of employee turnover is lost man hours and productivity (Moncarz et al, 2009). Turnover of customers is also directly linked to employee turnover thus both of these variables have a direct connection to the profitability of the firm. (Agrusa & Lema, 2007)

Theoretical Model:



Review of literature

Literature Reviews

Many articles have been found in the varying concepts of employee retention, organizational culture, leadership, work environment, co-workers, nature of work and employer brand.

Employee Retention

Mckeown (2002) claimed that retention factors such as compensation package, hygienic package and self development are not focused by managers. He further suggested that organization should develop a better retention mechanism to retain the employees.

Silbert (2005) recommended that rewards system is one of the influential strategy to retain employees. Both extrinsic and intrinsic rewards motivate employee to retain in an organization.

Raub & Streit (2006) commented that the increase in labour turnover has made employee retention as a major challenge. They also said that change in global business environment has made industries to maintain a competitive advantage by prioritizing employees.

James et.al (2012) told, Employee retention has become difficult for organizations as they face the challenge to attract, motivate and retain key talent. Global companies currently face the major challenges of employee turnover. It is difficult to encourage employee to stay in the organization for maximum period of time.

Organization Culture

Manisha Rani and Upasani Srivastava (2015), on their study, identified that the factors of employee retention has to be focused, in which organization culture plays a key role. Employees are attracted towards the healthy cultured organization and they quit stress culture environment. Further they argued that shortage of talent and technique rewind world has made employee retention more competitive. They further claimed that an attempt to change the culture will affect on employee retention. Employees who are comfort in existing culture may resist change and might quit.

Leadership

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Chitra (2013) in her study suggested that when the leadership style is seen as unfavourable, the employee's intent to quit easily, where as the ratio decreases when the style is favorable. The leader should engage employee in decision making, communication and respond to their issue, which plays a vital role in retaining employees.

Work Environment

Uma Maheshwari and Jayashree (2016) reviewed that support and encouragement from the organization to bring out the employee's potential, is seen as a thirst for employees. Independence, information sharing, participation in decision making, sufficient work task and work space are the support expected from work environment.

Co-workers

Hodson (1997), in his study suggested that pleasantness of a work environment can be created and maintained by co-workers. Job Satisfaction, Productivity and workload sharing are contributed by co-workers. Thus, co-workers influence employees on a regular daily basis. They help in everyday task and share their expertise and knowledge.

Nature of work

Edward (2011) claimed that rewards and recognition are not the only factors which retain employees, but nature of work is itself a rewarding experience. When the work is fulfilling, challenging, stimulating and interesting it retains people.

Employer Brand

Cabel & Turbun (2003) in their study coded that reputed organization get more job applicants. They also claimed that applicant accept job from reputed organization for a less salary in comparison to negative repetitive organization.

STATEMENT OF THE PROBLEM

Healthcare Industry runs successfully for decades due to the experience of Doctors and their services they provided. In Eye hospitals the attrition rate of doctors is increasing day by day. For example if a doctor shifts from one hospital to another most of his/her patients also moved to those respective hospitals. So Organization loses its patients and productivity. This research is to know whether the doctors (Eye hospitals) are satisfied with the management resulting in retaining of doctors in same organization for long time.

Objectives

- To identify the various Organizational factors influencing employee retention.
- To study the impact of organizational factors on employee retention.
- To examine the mediating relationship of employee morale between organizational factors and employee retention.

Hypothesis

- There is no significant relationship between organizational factors and employee retention
- Employee morale does not mediate the relationship between organizational factors and employee retention.

Research Methodology

The type of research used in this study is descriptive in nature. The main goal is to describe the data and characteristics about what is being studied. The primary data was collected through the structured questionnaire collected from five different Eye hospitals namely KG Eye Hospital, Eye Foundation, Lotus Eye Hospital, Sankara Eye Hospitals, and Aravind Eye Hospital. These five hospitals consist of major eye doctors (180 doctors) in Coimbatore district. Secondary data is collected from websites, books and journals. This helps our research purpose and survey. By adopting simple random sampling method, 100 eye doctors have been selected. The collected data have been analyzed by making use of Correlation analysis, Regression analysis, ANOVA and Structural Equation Model.

Limitations

- The present study is confined to the doctors of eye hospitals in selected five hospitals of Coimbatore district only.
- The sample size is restricted to 100 only.

Results & Discussion

The Cronbach's Alpha Test is conducted to check the reliability of the questionnaire.

Table 1: Reliability Statistics

Particulars	No of Items	Cronbach's Alpha
Organizational Factors	8	0.712

Table 1 represents that the Cronbach's Alpha value is 0.712, shows that is questionnaire is reliable.

The impact of organizational factors such as Organisational culture, leadership, stress, co-workers, nature of work, work environment and employer brand in employee retention is examined using the following analysis.

Pearson correlation coefficient was conducted to test the association between the organisational factors and employee retention.

H₀= There is no significant relationship between organizational factors and employee retention

Table 2: Correlation Analysis

Factors		Employee Retention	Organisational Factors
Employee Retention	Pearson Correlation	1	0.481**
	Sig. (2-tailed)		0.000
	N	100	100
Organisational Factors	Pearson Correlation	0.481**	1
	Sig. (2-tailed)	0.000	
	N	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Primary Source

The table 2 results of the study indicate a positive relationship between organisational factors and employee retention ($p = 0.481$). Correlation was significant at 0.01 level. Thus the Organizational factors are positively significant.

The Regression model is used to examine the impact of organizational factors and employee morale on employee retention.

H₀: Organisational Factors and employee morale has no significant impact on the employee retention.

Table 3 Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.671 ^a	0.526	0.375	1.434

a. predictors: (constant), Employee morale, Organization culture, Nature of work, Co-Workers, Leadership, Employer Brand, Work Environment

Source: Primary Source

Table 3 shows that R square value is 0.526 which is more than 50% so variation exists in Organizational factors, Employee morale and Employee Retention.

Table 4 Coefficients Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	0.477	0.588		1.811	0.240		
	Organization culture	0.192	0.127	0.072	1.725	0.040	0.751	1.332
	Leadership	0.114	0.114	0.012	1.127	0.028	0.753	1.329
	Co-workers	0.165	0.121	0.133	1.359	0.017	0.770	1.299
	Nature of work	0.236	0.139	0.154	1.699	0.039	0.887	1.128
	Work environment	0.104	0.120	0.004	1.233	0.047	0.550	1.818
	Employer Brand	0.226	0.112	0.217	2.023	0.046	0.635	1.574
	Employee morale	0.362	0.108	0.343	3.357	0.001	0.702	1.425

a. Dependent Variable: Employee Retention

Source: Primary Source

Table 4 shows that A=0.477 is the average of Employee retention when Organizational factors and Employee morale is zero.

Employee Retention = 0.477 + .192 (Organization culture) + 0.114 (Leadership) + 0.165 (Co-workers) + 0.236 (Nature of work) + 0.104 (work environment) + 0.226 (Employee brand) + 0.362 (Employee morale)

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Thus, There is relationship between Organizational factors, employee morale and employee retention. Moreover, Organizational factors and employee morale have a strong impact on Employee retention.

H₀= There is no significant relationship between organizational factors and employee retention

Table 5 ANOVA

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	79.222	7	11.317	6.361	.000 ^b
	Residual	163.688	92	1.779		
	Total	242.910	99			

a. Dependent Variable: employee retention

b. Predictors: (Constant), employee morale, organization culture, nature of work, co-workers, Leadership, Employer Brand, Work Environment.

Source: Primary Source

ANOVA Table 5 shows that the significant value is less than 0.01, which means dependent variable that is employee retention significantly predicted by organisational factors independent variables at 99 percent of confidence level. Hence, Overall ANOVA table results, which assesses the overall significance of this model (F-6.361, p value = 0.00, p<0.01). This model is statistically significant.

To examine the mediating role of employee morale between organizational factors and employee retention Structural Equation Model is used.

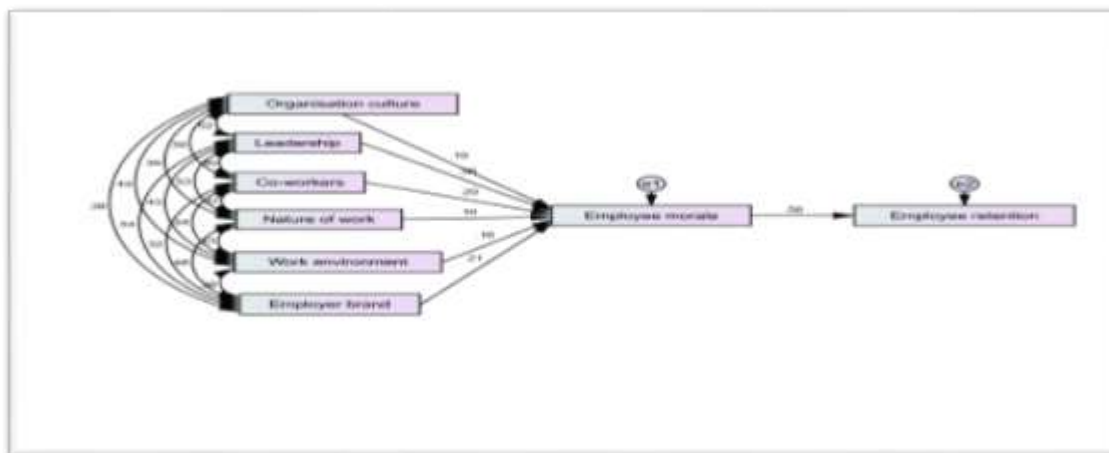


Figure No. 1 Structural Equation Model of Organisational Factors and Employee Retention

H₀: Employee morale does not mediate the relationship between organizational factors and employee retention.

Table 6 Model fit summary

Variable	Value	Suggested value
Chi-square value	13.031	---
Chi-square/P-value	0.043	< 5 per cent (Hair et al., 1998)
GFI	0.970	>0.90 (Hu and Bentler, 1999)
AGFI	0.921	>0.90 (Hair et al. 2006)
CFI	0.950	> 0.90 (Daire et al., 2008)
RMR	0.019	< 0.08 (Hair et al.)
RMSEA	0.011	< 0.08 (Hair et al.)

As all the values are in accordance to the requirement, the model concluded that the model is good fit.

Table No. 7 Standardized Regression Weights

Variable	Estimate	C.R.	P	Result
Employee morale ←- Organization Factors	1.234	8.404	***	Significant
Employee retention ←- Organization Factors	.591	2.625	.009	Significant

Variable	Estimate	C.R.	P	Result
Employee retention <--- Employee Morale	.308	2.619	.009	Significant

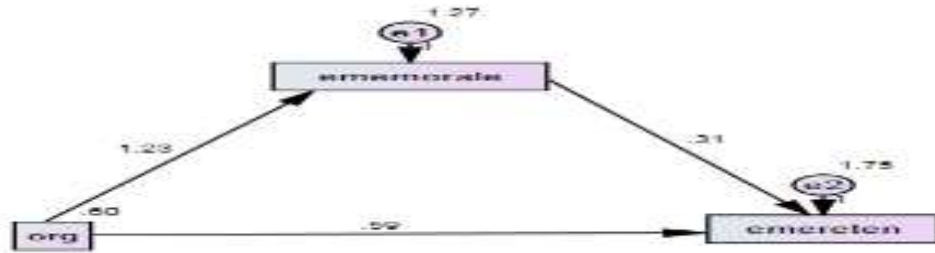
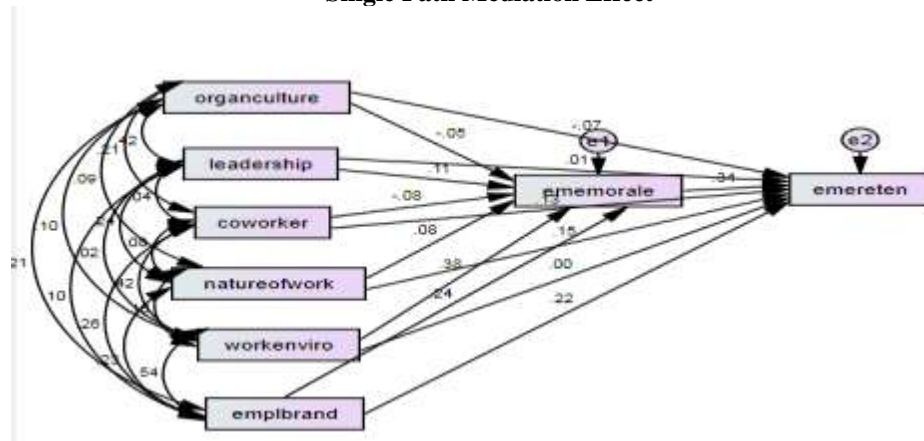


Figure No. 1

In the accordance of Baron & Kenny (1986) which inherits the Sobel (1982) technique, indirect effect should be higher than direct effect to indicate the mediation effect is occurs in a structural modelling. The indirect effect = $1.23 \times 0.310 = 0.3813$, the direct effect = 0.59. Both indirect effect (organisational factors) and (employee retention) is significant since indirect effect > direct effect, the mediation occurs. Type of mediation here is Partial Mediation since the direct effect is still significant after mediator enters the model.

Single Path Mediation Effect



Hypothesis	Direct Effect	Indirect Effect	Result
Organisational Culture → Employee Morale → Employee Retention	.096 (NS)	.187 *	Full Mediation
Leadership → Employee Morale → Employee Retention	.345*	.038 (NS)	No Mediation
Co worker → Employee Morale → Employee Retention	.131 (NS)	.229 *	Full Mediation
Nature of Work → Employee Morale → Employee Retention	.157 *	.027 (NS)	No Mediation
Work Environment → Employee Morale → Employee Retention	.064 (NS)	.129**	Full Mediation
Employee Brand → Employee Morale → Employee Retention	.217*	.081*	Partial Mediation

** $P < 0.001$, * $P < 0.05$, NS- "Not Significant"

The findings suggest the employee morale factor plays a fundamental character as a mediator effect for both dependent and independent variables. Full mediation occurs only when the entire path coefficients presented are significant.

Findings

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- There are positive relationship between organisational factors and employee retention.
- Organizational factors and employee morale have a strong impact on Employee retention.
- The findings suggest that employee morale factor plays fundamental characters on employee retention.

Recommendations

- Healthcare sectors like Eye Hospitals have to find various ways to retain their valuable Doctors and employees. Trust starts with communication and action.
- Regular meetings to keep employees informed on their performance and plans. Whenever possible, the Hospital Management can hire internally through promotions and employee referrals.
- Promoting from within the organization gives them options to achieve their goals while staying with your company. This helps to improve morale and retention rates.
- Hospital organizations can strive to give employees the best benefits possible, and create a recognition program.
- Hospital can send emails to publicly thank employees for their top performance, teamwork efforts, or for going the extra mile.
- Treat employees with lunch for working overtime to complete a project, giveaways for tickets to an event or time off, being creative and consistent with showing appreciation and encouraging openness can be helpful in retaining employees. These actions will build trust with employees and boost morale.

Conclusion

Employee Retention has become one of the vital aspects for growth and sustainability of organizations. Hospital industry is a service oriented industry, wherein the role of doctors are the key for its growth and development. The organizational factors such as organization culture, leadership, work environment, co-workers, nature of work and employer brand have direct impact on retaining employees. Thus organizations have to carefully adopt strategies and policies in maintaining these factors.

According to this study employee morale provides high proportion in retaining doctors in hospitals. The key reasons for more patients approach towards a hospital are good service, doctors' fame and his experience. So, Hospital Management needs to retain their doctors for good productivity and for excellent service. Thus valuable employees have to be identified and maintained for long term success of the organization.

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