



An International Open Access, Peer-reviewed, Refereed Journal

An Empirical Study on Workplace Factors Influencing Employee Retention in a Mid-Sized Company

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Abstract :

Nowadays, retaining staff members is an important challenge that almost all companies have to deal with in order to ensure survival. For mid-sized enterprises, maintaining a constant number of workers would be beneficial because it enables them to achieve sustainable performance. Higher turnover would require them to invest more resources in recruiting and training replacements, along with losing some organizational knowledge. Therefore, there is a need for examining the factors that influence an individual's choice to remain in a particular firm. The purpose of this study is to analyze the impact of some workplace attributes including worker engagement, manager communication skills, fairness perception, appropriate workload, and career development opportunities on staff retention and the effect of organizational support on the connection between the mentioned factors and employee retention. The study uses the quantitative research approach whereby primary data is gathered using a well-structured questionnaire administered to employees. Statistical techniques such as the Kaiser-Meyer-Olkin measure (KMO), Bartlett's Test of Sphericity, linear regression analysis and the Durbin-Watson test have been utilized to validate and ensure reliability of the acquired data. It has been observed that the regression analysis performed has statistical significance, indicating that the workplace variables considered have an influence on employee retention. In the present scenario, individual variables do not show strong independent significance; thus, it can be inferred that employee retention depends on several aspects simultaneously. Additionally, organizational support was not found to be of significant importance in influencing the relationship between employee engagement and retention.

Keywords : Employee Retention, Employee Engagement, Managerial Communication, Perceived Fairness, Workload Balance, Career Growth

Introduction :

Employee retention in organizations has become highly significant in recent times due to the nature of competition in the external environment of the organizations. This is because of several reasons like the nature of the labor market, presence of ample opportunities, and others. Organizations that have a higher level of employee turnover will incur costs related to recruitment and training of new employees. Such organizations will also face problems relating to knowledge loss, which will occur at a faster rate. This problem will affect organizations in terms of lower productivity and disruption in their operations. Small organizations are not exceptions to this phenomenon. Employee retention in small organizations is significant from the perspective of organizational efficiency and sustainability. Compared to other organizations, particularly large organizations, small organizations vary in several ways. Hence, due to the scarcity of resources, it is crucial for organizations to utilize their resources effectively. Some elements that might help improve the retention of employees in organizations include: the inclusion of employees will ensure that employees can build up an emotional attachment to their jobs, while the communication by the management will help build up trust in the organization. Besides, workload balancing will ensure work-life balance; however, career development will help build the capabilities of employees. In addition to the above mentioned elements, it might be useful for the employees to consider one more element, which is organizational support. They will possibly feel attached to organizations and thus be loyal to the organizations, when they realize that organizations have helped them out previously. However, it is unknown whether organizational support would be able to contribute to connecting the elements discussed above and thus helping achieve employee retention. From the above discussion, it can be concluded that the researchers have pointed out some aspects that affect employee retention, although it remains unknown whether they have studied all those aspects at the same time.

Objectives :

The purpose of the research paper will be to undertake research into the determinants of the employee retention process in the mid-sized organization. Further, the research paper will explore the impact of participation by employees in the employee retention process and the impact of effective communication by the management in the organization in ensuring retention of employees in the organization. Additionally, the research paper will explore the impact of the perception of fairness in the employee retention process and the impact of workload balance in the employee retention process. Besides, the research paper will explore the impact of the career development of employees in the process of employee retention.

Review of Literature :

For instance, according to Moore & Hanson (2019), quality leadership may have a positive impact on employee engagement, which will result in higher retention levels. Furthermore, Bhakuni and Saxena (2023) pointed out that employee engagement can be positively impacted by HRM practices, such as training and development, resulting in high retention levels.

Moreover, Chatzoudes & Chatzoglou (2022) noted that employee engagement may act as an intermediary variable between HRM practices and employee retention. Dyke-Ebirika & Amah (2022) pointed out that engaged employees display a high level of commitment and are less likely to quit. Additionally, Madhani (2020) observed that employee rewards and recognition can indirectly influence retention levels through engagement.

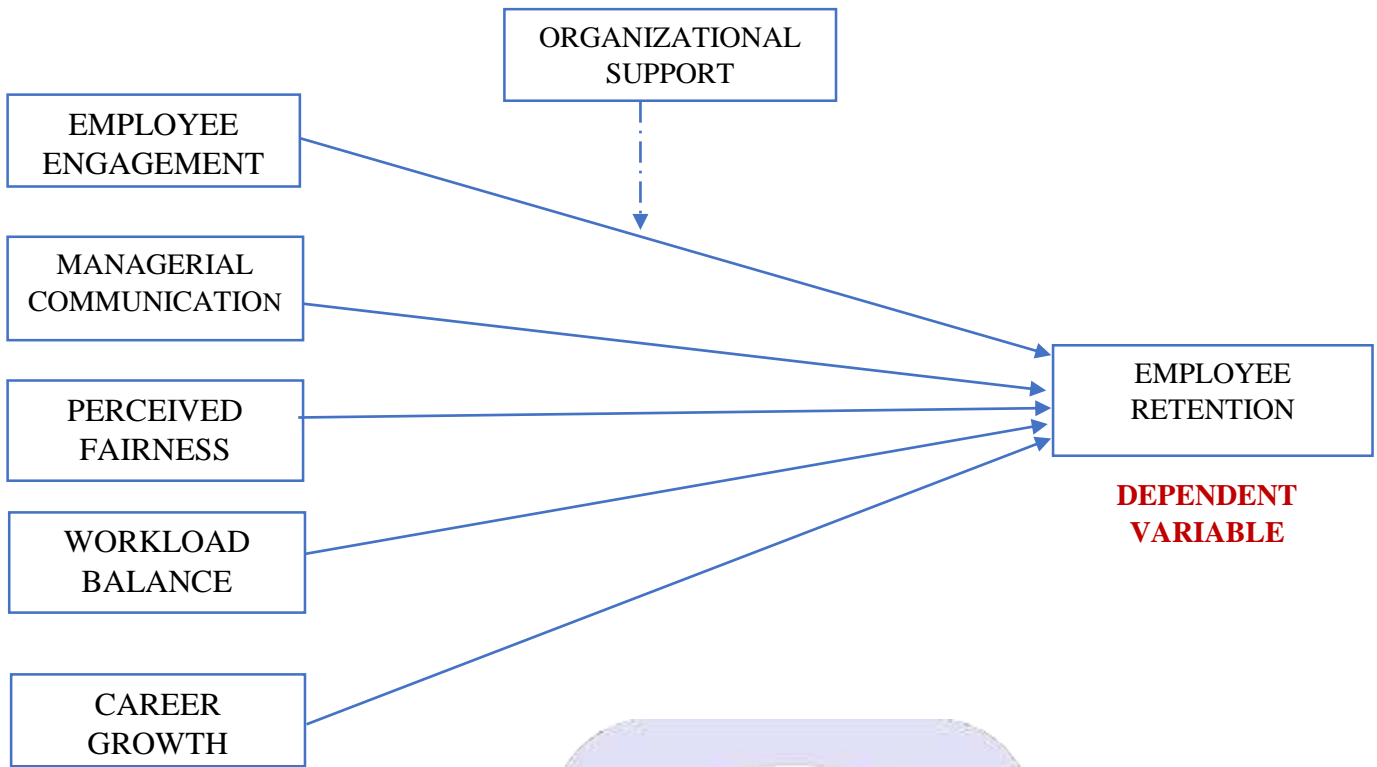
Similarly, Zahid et al. (2021) indicated that managerial communication may positively influence employee retention through job satisfaction. Similar findings were reached by Ndlovu et al. (2021), who argued that communication can indirectly affect employee retention and commitment through job satisfaction and trust. Lastly, Prabhu & Frost (2017) found that communication has both direct and indirect effects on employee retention.

As indicated in the results of the research carried out by Buckner (2023), the presence of fairness in the process of performance appraisal can be considered as an important predictor of the turnover intention among workers. As indicated in the literature review carried out by Oladimeji (2024), there is a positive relationship between fair salary and the retention and commitment among the workers. The impact of organizational justice on the job satisfaction and turnover intention among the workers has been identified by Taneja et al. (2023).

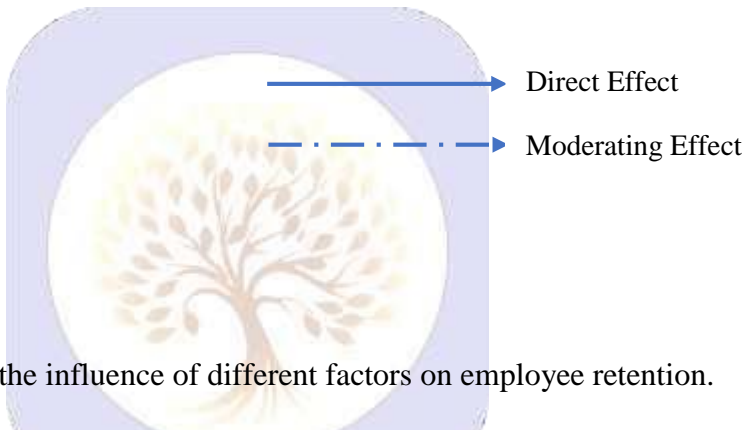
The role of the balance of workload in the retention of the workers has been recognized by Suprpto et al. (2024). As indicated in the work of Sihombing & Sungono (2025), overload of the workers leads to low job satisfaction and negative impacts on the retention of the workers.

Conceptual Framework :

It can be stated from the theory of the research paper that there is some relation among variables related to work which can influence retention. The theory has been formulated according to the present literature. The theory works as a guide toward certain factors that influence retention decision-making among employees. In the present research paper, the dependent variable would be employee retention while the independent variables are employee engagement, communication skill of the manager, perceptions of fairness, balancing work, and career development.



WORKPLACE FACTORS



Research Methodology :

The following research is dedicated to the influence of different factors on employee retention.

Particulars	Description
Research Approach	Quantitative Research
Research Design	Descriptive Research
Data Type	Primary Data
Data Collection Method	Structured Questionnaire (Google Forms)
Measurement Scale	5-point Likert Scale
Target Population	Employees working in the organization
Sample Size	60 respondents
Sampling Technique	Convenience Sampling
Independent Variables	Employee Engagement, Managerial Communication, Perceived Fairness, Workload Balance, Career Growth
Moderating Variable	Organizational Support
Dependent Variable	Employee Retention

KMO Test	To measure sampling adequacy
Bartlett's Test of Sphericity	To check correlation among variables
Linear Regression	To analyse relationship between variables and retention
Durbin–Watson Test	To check autocorrelation
Moderation Analysis	To test moderating effect

Analysis :

Data and Methodology :

The data for this research paper was obtained by conducting questionnaires among sixty respondents using the Likert Scale Model. The main purpose of conducting this research paper is to find out how different variables like engagement, manager communication, organizational justice, workload, and career development impact employee retention. The statistical tools utilized in this research paper include: KMO Test; Bartlett's Test of Sphericity; Linear Regression; Durbin Watson Test; and Moderation Analysis.

Test / Analysis	Value	Interpretation
KMO Measure	0.703	The KMO value is greater than 0.5, indicating that the sample size is adequate and suitable for conducting factor analysis and further statistical tests.
Bartlett's Test (Sig.)	$p < 0.001$	The significance value is less than 0.05, showing that the variables are highly correlated and the dataset is appropriate for analysis.
R Square (R²)	0.368	The model explains 36.8% of the variation in employee retention, indicating moderate explanatory power.
Model Significance	$p < 0.001$	The regression model is statistically significant, meaning that the independent variables collectively influence employee retention.
Durbin–Watson Test	2.455	The value lies between 1.5 and 2.5, indicating no autocorrelation among residuals and confirming that the model is reliable.

Interpretation :

According to the results obtained in analyzing the statistics, the data set is suitable for analysis because the KMO ($>$) is greater than 0.5 while Bartlett's test yields a p-value that is lower than 0.001. From the result, it can be concluded that the regression model is statistically significant and that the selected independent variables have an influence on employee retention. With an R Square value of 0.368, the regression explains 36.8% of the variance in the dependent variable which can be described as moderately strong. Additionally, the Durbin-Watson equals 2.455, which implies that the model has no autocorrelation problems.

Moderation Analysis :

S.No	Interaction Term	p-value	Interpretation
1	Employee Engagement \times Organizational Support	0.200	Not Significant ($p > 0.05$)
2	Managerial Communication \times Organizational Support	0.188	Not Significant ($p > 0.05$)
3	Perceived Fairness \times Organizational Support	0.123	Not Significant ($p > 0.05$)
4	Workload Balance \times Organizational Support	0.560	Not Significant ($p > 0.05$)
5	Career Growth \times Organizational Support	0.916	Not Significant ($p > 0.05$)

The further interaction terms were used as exploratory variables which did not comprise the conceptual framework of this research.

Interpretation :

Moderation analysis was done for the purpose of examining whether organizational support functions as a moderator in the relationship between researched variables and employees' retention. With regard to the fact that all interaction terms do not have statistical significance ($p > 0.05$), one can conclude that organizational support cannot function as a moderator which will influence the effect of independent variables on employees' retention. However, it is worth mentioning that the moderation analysis was basically done in relation to exploring the problem of employees' engagement within the conceptual framework. Other interaction terms provided supplementary information regarding the research problem. Organizational support can be considered as an independent variable as regards the problem of employees' retention.

Discussion of Results :

With regards to the results that have been achieved through the study, it is clear that the regression analysis performed in this regard is statistically significant; hence, there exist statistical relationships with respect to the application of variables for predicting employee retention. However, it needs to be mentioned here that individual variables are statistically insignificant; therefore, this means that the process of employee retention is affected by several variables rather than just one. In other words, variables such as employee engagement, communication with managers, organizational fairness, work-life balance, and career development impact the process of employee retention together. Moreover, it has been observed through the results of moderation analysis that organizational support is statistically insignificant for the influence of the relationship between employee engagement and retention. In other words, organizational support can be regarded as an independent variable with respect to the process of employee retention. Finally, organizational fairness shows relatively higher influence compared to other variables.

Key Findings :

It must be emphasized that the use of regression model is important because of the reason that the independent variables have a lot of influence on the improvement of the employee retention process. As far as analysis of findings of R Square statistic is concerned, it is essential to note that value of statistic is 0.368, meaning that 36.8% variance in employee retention is attributable to independent variables of the regression model. It can be observed that independent variables do not have any significant influence on employee retention as many other factors affect the dependent variable. Fairness perceived by the employees has the most potential to affect employee retention compared to other independent variables. In terms of KMO statistics, it can be seen that sample dataset used for carrying out regression analysis is appropriate. With regard to Bartlett's test, it can be said that dataset is suitable for carrying out the test on the variables. Durbin-Watson test indicates that no autocorrelation is present in the regression model. Speaking of moderation test findings, it must be stated that organizational support does not moderate employee engagement and employee retention.

Suggestions :

The organizations have to ensure that they consider optimizing the working environment as a whole and not concentrating on one particular aspect only, since it is quite evident that there are a number of aspects of the organizational environment that play an important role in deciding the rate of employee retention. It is important for the managers to ensure that there is no biasness on their part when it comes to the issue of performance appraisal as well as their remuneration systems, because according to studies, the role of organizational justice is relatively higher when it comes to employee retention. Effective communication between managers and employees becomes imperative in creating an atmosphere of trust. Appropriate feedback mechanisms along with other means of communication would help to increase satisfaction and commitment levels among the employees. Excessive workload has to be avoided by the managers in order to avoid overstressing of the employees. Organizations have to ensure that there are career development programs available to enhance commitment levels of employees.

Conclusion :

The other strategy that would help ensure optimal performance in organizations includes employee retention. In the case of mid-sized companies, it becomes very important due to the fact that human resource management plays an integral part. The objective of this paper is to analyze the importance of some main factors including employee engagement, management communication, fairness perceptions, work-life balance, and career development in relation to employee retention. On the basis of the results provided by the study, it becomes clear that neither of the above factors can affect employee retention separately; however, all of them are essential in terms of the analysis of this issue. Speaking about the most significant factor among all, it becomes clear that it is the fairness perceptions since organizational fairness is extremely important in this situation. At the same time, there is no any evidence that shows that organizational support should be viewed as a crucial moderating factor in terms of employee engagement. Nevertheless, it still remains very important since it positively affects organizational commitment and job satisfaction. Taking into account the findings obtained during the course of the current research, it becomes obvious that there are some main issues associated with employee retention.

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