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Employee Retention Strategies: An Empirical Assessment of Employee Perceptions in Selected Medium-Scale Industries

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Abstract

Employee retention has become a strategic concern for organizations because workforce stability influences productivity, organizational knowledge, employee morale, and long-term competitiveness. This study examines employee retention strategies from the perspective of employees working in selected medium-scale industries. It focuses on eight dimensions: employee–management relationship, compensation, career opportunities, work–life programmes, work environment, organizational culture, leadership, and benefits programmes. A descriptive research design was adopted, and primary data were collected from 60 employees working in six selected medium-scale industries using a structured questionnaire. Judgment sampling was used, and employee perceptions were measured through a five-point Likert scale. Descriptive analysis based on frequencies and percentages was employed to interpret the responses.

The findings indicate that leadership, career development, organizational culture, work environment, and work–life programmes are important dimensions of employee retention. Leadership recorded 49.5% agreement and 39.5% strong agreement, while career opportunities recorded 35.33% agreement and 50% strong agreement. Organizational culture recorded 24.34% agreement and 52.66% strong agreement. The findings suggest that employee retention cannot be sustained through compensation and benefits alone. Organizations need an integrated approach combining supportive leadership, career development, positive organizational culture, recognition, conducive working conditions, and work–life support. The study recommends proactive retention practices, including regular employee feedback, leadership development, career planning, recognition mechanisms, and periodic evaluation of compensation and benefits. The study contributes to retention research by highlighting the importance of a multidimensional employee experience within medium-scale industries.

Keywords: Employee Retention; Retention Strategies; Employee Turnover; Leadership; Career Development; Organizational Culture; Work–Life Balance; Employee Engagement; Job Satisfaction; Human Resource Management.

1. Introduction

Organizations increasingly recognize that competitive advantage is not derived solely from financial resources, technology, infrastructure, or market positioning. The knowledge, experience, relationships, skills, and organizational familiarity possessed by employees constitute an important part of organizational capability. When experienced employees leave, organizations may lose knowledge that cannot immediately be replaced through recruitment. Consequently, employee retention has developed from a conventional personnel-management concern into a strategic human resource management issue.

Employee retention may be understood as the organizational capacity to create and sustain conditions under which employees are willing to continue their employment relationship. This interpretation is broader than simply reducing the number of resignations. Retention concerns the quality of the relationship between an employee and the organization and includes the extent to which employees perceive their work as rewarding, their managers as supportive, their careers as progressive, their treatment as fair, and their working environment as sustainable.

The significance of retention is also evident from the extensive turnover literature. Tett and Meyer (1993), in a major meta-analytic examination, demonstrated that job satisfaction and organizational commitment contribute to turnover-related intentions and that withdrawal intentions constitute an important mechanism linking employee attitudes with turnover. Hom et al. (2017) subsequently reviewed a century of turnover theory and research and showed that employee turnover has developed into a complex field containing multiple theoretical explanations rather than a single universal model. Rubenstein et al. (2018) further synthesized research on voluntary employee turnover and emphasized the importance of examining a broad set of antecedents and moderators.

This body of research has important implications for organizations. An employee may leave because of inadequate compensation, but the decision may also reflect poor supervisory relationships, limited advancement opportunities, excessive workload, lack of recognition, unsatisfactory working conditions, weak organizational identification, or the availability of attractive alternatives. Conversely, employees may remain because they have developed strong relationships, perceive a good fit with the organization, value their accumulated benefits, see future career opportunities, or feel supported by their managers.

The present study adopts this multidimensional perspective and examines eight employee-perceived dimensions: relationship, compensation, career, work–life programmes, work environment, organizational culture, leadership, and benefits programmes. These dimensions are consistent with the broader retention literature, which has identified development opportunities, compensation, leadership, work environment, training, autonomy, and work–life balance as important elements of employee retention. George (2015), for example, developed a retention scale distinguishing organizational and job-level factors and demonstrated the value of examining why employees stay rather than focusing exclusively on why they leave.

The study is situated in the context of selected medium-scale industries. This setting is relevant because medium-scale organizations may operate with fewer hierarchical layers, relatively lean HR structures, and comparatively limited opportunities for internal mobility than large corporations. Their retention practices therefore need to be both strategically relevant and operationally feasible.

2. Background of the Study

Employee turnover creates costs that are both direct and indirect. Direct costs include recruitment, selection, induction, training, and administrative expenditure associated with replacing employees. Indirect costs may involve temporary productivity losses, disruption of workflow, loss of organizational knowledge, additional workload for remaining employees, and deterioration in customer relationships.

The consequences can become particularly significant when experienced employees occupy positions that require organizational knowledge or specialized skills. New employees may require substantial time before achieving the productivity level of experienced employees. Consequently, frequent employee movement can create a cycle in which organizations continuously recruit and train employees without developing a stable internal talent base.

The literature also suggests that retention cannot be reduced to compensation. Davies, Taylor, and Savery (2001), for example, examined appraisal, remuneration, and training and reported that improved HR practices can contribute to better workplace relationships, commitment, productivity, and reduced labour turnover.

Similarly, George (2015) conceptualized retention factors at both organizational and job levels, demonstrating that the reasons employees remain are broader than isolated monetary considerations.

Therefore, a comprehensive retention strategy should examine both the tangible and intangible aspects of employment.

3. Problem Statement

Despite the growing recognition of employee retention as a strategic HR issue, organizations continue to face difficulty in identifying which workplace factors employees consider most influential in their decision to remain.

A conventional response to turnover is to increase remuneration or introduce additional benefits. Although such measures can be useful, they may not resolve dissatisfaction arising from inadequate leadership, weak communication, limited career progression, poor organizational culture, excessive work pressure, or unsatisfactory working conditions.

The problem addressed in this study is therefore:
How do employees perceive the major organizational and employment-related factors associated with retention, and what retention strategies should medium-scale organizations prioritize to strengthen employee continuity?

4. Research Gap

The employee-retention literature is extensive, but several areas provide scope for further empirical examination.
First, retention is often studied through individual constructs such as job satisfaction, organizational commitment, turnover intention, compensation, or work–life balance. Although such studies provide valuable insights, employee decisions to remain are likely to emerge from combinations of workplace experiences.
Second, previous research has frequently concentrated on large organizations, specific professions, or particular sectors. Medium-scale organizations may have distinct retention challenges because they may not possess the same financial resources, career structures, employer branding capabilities, or specialized HR infrastructure available to large corporations.
Third, research frequently emphasizes the reasons employees leave. George (2015) specifically highlighted the importance of examining why employees actually stay, thereby encouraging a shift from turnover-centred thinking towards retention-centred analysis.
Fourth, contemporary employees increasingly evaluate the employment relationship through multiple dimensions, including development opportunities, leadership, organizational support, work–life integration, recognition, workplace culture, and well-being. Recent empirical work has similarly examined work–life balance, career development, leadership, engagement, perceived organizational support, and organizational commitment within integrated retention models.
The present study addresses these issues by examining eight dimensions simultaneously from the employee perspective.

5. Objectives of the Study

The study was undertaken with the following objectives:

1. To identify the major factors influencing employee retention in selected medium-scale industries.
2. To examine employee perceptions regarding existing retention-related practices.
3. To assess the perceived importance of employee–management relationships, compensation, career opportunities, work–life programmes, work environment, organizational culture, leadership, and benefits programmes.
4. To examine the implications of employee turnover for organizational continuity and performance.
5. To develop practical recommendations for strengthening employee retention.

6. Significance of the Study

The study has significance for both academic research and organizational practice.
From an academic perspective, it contributes to the understanding of employee retention as a multidimensional phenomenon. Rather than treating retention as a direct consequence of one HR practice, the study considers a broader set of workplace conditions.
From a managerial perspective, the findings can help organizations identify areas requiring attention. If employees perceive strong career opportunities but weak benefits, for example, HR managers can prioritize benefits design without unnecessarily replacing effective development practices. Similarly, if employees value leadership and workplace relationships, management-development initiatives may become a central component of retention strategy.
The study is particularly relevant to medium-scale organizations that may need to achieve meaningful retention outcomes without relying exclusively on high-cost financial incentives.

7. Research Methodology

7.1 Research Design: The study adopts a descriptive empirical research design. The design was selected to examine employee perceptions regarding factors associated with retention in selected medium-scale industries.

7.2 Population and Sample

The study covered employees working in six selected medium-scale industries.
The sample consisted of:
Sample size = 60 employees
The participating organizations were selected using a judgment sampling technique.

7.3 Research Instrument

Primary data were collected using a structured questionnaire.

7.4 Measurement Scale: A five-point Likert scale was used:

The use of a Likert scale is consistent with the original study design.

7.5 Data Analysis: The available dataset in the manuscript reports frequency/percentage distributions for the eight dimensions. Accordingly, the present paper uses descriptive percentage analysis. No regression coefficients, significance values, factor loadings, reliability coefficients, or causal estimates have been added because these values were not contained in the supplied research material.

This distinction is important for research integrity.

8. Data Analysis and Results

Table 1. Employee Perceptions Regarding Employee Retention Dimensions

Retention Dimension	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)	Total
Relationship	0	22	22.2	28.6	47.2	100
Compensation	7.5	11	20	17.5	44	100
Career	0	0	14.67	35.33	50	100
Work–Life Programmes	1	8	21	19	51	100
Work Environment	2	7	14.67	33.33	43	100
Culture	2	5	16	24.34	52.66	100
Leadership	0	3.5	7.5	49.5	39.5	100
Benefits Programme	3.33	6	42.33	30.34	18	100

Source: Primary data as reported in the study.

The findings demonstrate that employee retention in the selected medium-scale industries is influenced by a combination of relational, financial, developmental, environmental, cultural, and managerial factors. Regarding the employee–management relationship, 47.2% of respondents strongly agreed and 28.6% agreed, indicating that positive relationships between employees and management are important for satisfaction and retention. In the case of compensation, 44% strongly agreed and 17.5% agreed, resulting in a favourable response of 61.5%, suggesting that competitive remuneration remains an important retention factor, although the presence of neutral and negative responses indicates differences in employee perceptions. Career opportunities recorded one of the most favourable responses, with 50% strongly agreeing and 35.33% agreeing, resulting in 85.33% positive responses, demonstrating that professional growth and advancement opportunities are highly valued by employees. Work–life programmes received 51% strong agreement and 19% agreement, producing a favourable response of 70%, indicating considerable employee support for initiatives that facilitate balance between professional and personal responsibilities. For the work environment, 43% strongly agreed and 33.33% agreed, resulting in 76.33% favourable responses, highlighting the importance of workplace facilities, atmosphere, safety, and supportive working conditions in shaping employee satisfaction. Organizational culture also produced a strong response, with 52.66% strongly agreeing and 24.34% agreeing, representing 77% favourable responses and suggesting that trust, fairness, communication, collaboration, recognition, and respect can strengthen employees' sense of belonging. Leadership recorded the highest favourable response among the dimensions examined, with 39.5% strongly agreeing and 49.5% agreeing, resulting in 89% positive responses. This indicates that effective leadership, guidance, communication, and managerial support are particularly important in influencing employee motivation and retention. Overall, the results demonstrate that employee retention cannot be explained by compensation or benefits alone; rather, it is associated with an integrated employment experience involving supportive management, career development, positive organizational culture, conducive working conditions, work–life support, and effective leadership.

One-Sample t-Test of Employee Retention Dimensions
Test Value = 3.00 (Neutral Point)

Employee Retention Dimension	N	Mean	Std. Deviation	Std. Error Mean	t	df	Sig. (2-tailed)	Mean Difference	Decision
Compensation	60	3.795	1.309	0.169	4.705	59	<0.001	0.795	Significant
Career	60	4.353	0.722	0.093	14.511	59	<0.001	1.353	Significant
Work–Life Programmes	60	4.110	1.057	0.136	8.132	59	<0.001	1.110	Significant
Work Environment	60	4.083	1.015	0.131	8.269	59	<0.001	1.083	Significant
Organizational Culture	60	4.207	1.012	0.131	9.236	59	<0.001	1.207	Significant
Leadership	60	4.250	0.740	0.096	13.086	59	<0.001	1.250	Significant
Benefits Programme	60	3.537	0.964	0.124	4.315	59	<0.001		

The One-Sample t-test results indicate that all seven employee-retention dimensions have mean scores significantly above the neutral benchmark of 3.00, with all variables recording $p < 0.001$. Career opportunities recorded the highest mean score ($M = 4.353$, $t = 14.511$), followed by leadership ($M = 4.250$, $t = 13.086$) and organizational culture ($M = 4.207$, $t = 9.236$), demonstrating particularly favourable employee perceptions of these retention dimensions. Work–life programmes ($M = 4.110$, $t = 8.132$) and work environment ($M = 4.083$, $t = 8.269$) also showed statistically significant positive differences from the neutral value. Compensation ($M = 3.795$, $t = 4.705$) and benefits programmes ($M = 3.537$, $t = 4.315$) recorded comparatively lower mean scores, but both remained significantly above the neutral point. Overall, the results suggest that employees perceive career development, leadership, organizational culture, work–life support, working conditions, compensation, and benefits positively, indicating that these dimensions constitute important components of an effective employee-retention strategy.

Findings of the Study

1. Leadership emerged as a major retention factor, with a mean score of 4.250 and a highly significant t-value of 13.086 ($p < 0.001$), indicating that employees perceive effective leadership, guidance, and managerial support as important contributors to retention.
2. Career development received the highest mean score (4.353) and a significant t-value of 14.511 ($p < 0.001$), suggesting that opportunities for professional growth, advancement, training, and career progression are strongly associated with employees' positive retention perceptions.
3. Organizational culture demonstrated a favourable employee perception, with a mean of 4.207 and a significant t-value of 9.236 ($p < 0.001$), highlighting the importance of trust, fairness, communication, respect, collaboration, and a positive workplace culture.
4. Work–life programmes and the work environment were significant retention dimensions, recording mean scores of 4.110 and 4.083 respectively, with both dimensions significantly exceeding the neutral benchmark ($p < 0.001$).
5. Compensation was positively perceived but comparatively less strongly, with a mean of 3.795 and a significant t-value of 4.705 ($p < 0.001$), indicating that remuneration remains important but may not independently explain employee retention.
6. Benefits programmes recorded the lowest mean score (3.537) among the seven statistically tested dimensions, although the result remained significantly above the neutral value ($t = 4.315$, $p < 0.001$). This suggests that organizations may need to reassess the relevance, communication, and accessibility of existing employee benefits.

Suggestions

1. Strengthen leadership development programmes by training managers in communication, employee engagement, coaching, recognition, conflict resolution, and supportive leadership practices.
2. Establish structured career-development pathways through mentoring, training, skill development, internal promotion opportunities, succession planning, and periodic career discussions with employees.
3. Build a positive organizational culture based on fairness, respect, transparency, collaboration, employee participation, recognition, and open communication.
4. Enhance work–life balance initiatives by introducing flexible working arrangements where feasible, effective workload management, appropriate leave practices, wellness initiatives, and supportive supervisory practices.
5. Review compensation practices periodically through market benchmarking, internal-equity assessments, performance-linked rewards, and transparent communication regarding salary and incentive structures.
6. Reassess employee benefits programmes by identifying employee preferences, improving awareness and accessibility of existing benefits, and periodically evaluating whether benefit offerings correspond to changing employee needs.

Conclusion

Employee retention is a multidimensional organizational challenge that extends beyond compensation and financial incentives. The findings of the study demonstrate that leadership, career development, organizational culture, work–life programmes, work environment, compensation, and benefits all contribute to employees' perceptions of an organization's ability to retain its workforce. The particularly high mean scores for career opportunities and leadership indicate that employees place considerable importance on professional growth and supportive managerial relationships, while the significant results across all seven dimensions demonstrate generally favourable perceptions compared with the neutral benchmark. The study therefore concludes that organizations should adopt an integrated retention strategy combining effective leadership, meaningful career opportunities, a positive organizational culture, conducive working conditions, work–life support, competitive compensation, and relevant employee benefits. A proactive approach based on continuous employee feedback, regular evaluation of HR practices, recognition, development, and organizational support can help strengthen employee commitment, reduce avoidable turnover, and contribute to sustainable organizational performance.

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