THE LEVEL OF INFLUENCE AND LEVEL OF IMPORTANCE OF EMPLOYEE PERCEPTION ON RETENTION FACTORS IN SELECTED COMPANIES WITHIN THE GREATER MANILA AREA

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ABSTRACT

Retaining key employees is a crucial factor for organizational success. Various retention strategies are applied by the human resource practitioner in keeping their best talents. The purpose of this research was to determine the perception of key employees with regard to the level of influence and level of importance of eight retention factors. The research employed a descriptive correlational design with data gathered from selected manufacturing companies located in the Greater Manila Area through survey questionnaires.

Findings showed that the level of importance generated a higher mean average of 3.42 compared to the level of influence with a mean average of 3.27. Results of the study revealed that the highest total mean was on Career Development & Training (3.44) and Performance Management & Evaluation (3.44) from the perception of the employees.

Keywords: Employee Perception, Retention, Motivation

INTRODUCTION

This study was done to assist organizations in keeping key employees. Key employees are the managerial people of the organization who are performing the duties and responsibilities of their job in an excellent manner, beyond their given description which causes their effort or work to be part of the organization’s competitive advantage. If key employees leave, they may cripple the company because the talent, skills and abilities they have put into the organization cannot be immediately replaced.

The research objective was to examine the perceptions of key employees with regard to the factors of retention on the level of influence and level of importance. The level of influence is
defined as the capacity of the factor to have an effect on employee behavior and/or judgment in staying with the company, while the level of importance is defined as the factor having great significance and/or value to the employee to stay with the company.

The result of the research supported literature review in identifying the current critical factors of employee retention in selected food and beverage manufacturing industry in the Greater Manila Area. The Greater Manila Area comprises Metro Manila and its surrounding areas. This research was done to assist human resource practitioners whether they come from small, medium or large organizations in developing and enhancing retention practices. The role of effective human resource planning is crucial in retaining valuable key employees in the organization.

Eight factors of employee retention are defined: compensation and benefits, rewards and recognition, work environment and culture, recruitment and selection, career development and training, performance management and evaluation, and communications, and how these factors may affect the employee desire to stay with the company.

**LITERATURE REVIEW**

**Employee Perception**

Perception by an individual is the process assimilated to interpret the surroundings through sensory impressions to give meaning to a situation. When an individual is confronted with stimuli that person interprets the stimuli to make sense based on prior experiences. However, such interpretation of the perceived stimuli may be considerably different from reality.

The perception process has four stages; stimulation, registration, organization and interpretation. (Borkowski, 2005) The perception process is affected by the individual’s awareness and acceptance of the stimuli. Being receptive to stimuli is limited by the person’s existing attitudes, beliefs, motivation and personality (Assael, 1995). Just like a filter, a person will select or reject a stimulus depending on a given situation. When a person selects a stimulus that satisfy their need, it is called perceptual vigilance, but when the person rejects the stimulus because it might cause psychological anxiety, it is called a perceptual defense. Adoption according to Broadbent (1958) happens when the individual continues to notice the stimulus over time (Borkowski, 2005).

In recent years, Broadbent’s filter theory has been updated. A “Selection for Action View” suggests that filtering is not just a consequence of capacity limitations, but is driven by goal-directed actions (Allport, 1987, 1993; Neumann, 1987; Van der Heijden, 1992). With a myriad of things and stimulus happening in the workplace, filtering takes place by eliminating irrelevant actions and selecting relevant ones. Thus, when an employee is working towards a goal, that person will discard information that does not support the goal (Borkowski, 2005).

Organization takes place when the individual mentally arranges the stimuli to give meaning and understanding out of it. There are three ways people sort things into patterns; proximity, similarity and difference (Coren, 1980). Usually, people organize interactions and interpersonal
situations based on previous experiences. Thus when two people are in the same situation, their perception differs and this encounter may cause misunderstanding and conflict. Punctuation happens when the structuring of information is built on a timeline to determine the cause and effect (Sillars 1980). By applying this concept, organizations can better understand how perception is formed in the organization and interpretation of events.

Last is the interpretation or the conceptualization of the whole stimulus. Interpretations are subjective and are based on the previous and existing values, beliefs and experiences of the individual. These are known as schemata. Schema in psychology is a cognitive science that is an organized pattern of thought or behavior which categorizes information and events and their relative relationship. It the mental structure of preconceived ideas by the individual. Like computer databases, schemata are retrieved from our memory and use to interpret the world around us. And like computer programs, the schema is updated regularly by new experiences.

Schema influences the employee’s attention and absorption of new skills and uses it to organize current knowledge to provide a structure for future understanding. Schema affects our interpretation which affects our behavior.

**Social Perception**

How an individual perceives others and how others look at them is called social perception. There are a few social perceptions, among them are: the halo effect which means classifying a person on a single characteristic trait. The contrast effect is gauging a person’s characteristics by comparison to another while projection suggests perceiving an individual in a manner that really reflects the perceiver’s own beliefs. Stereotyping implies judging someone on the notion that the individual has the same attitudes and traits of the group to which the person belongs to. There is also the Pygmalion effect, the phenomenon where the higher the expectation is placed upon the individual, the better the performance and lastly is impression management which is the effort of a person to control and influence the perception of others with regard to oneself. (Pam, 2013)

**Perception-Based View of the Employee**

A perception-based view of the employee’ in decision-making focuses on the use of perception, attitude or emotion for a purpose of selecting a sensible alternative in pursuit of one’s goals (Vithessonthi, 2005). The objective of the perception-based view (PBV) of the employee is to justify variations in decision making and behavioral responses among employees in the same circumstances. The PVB tries to address is why do individuals in a similar environment make different decisions; and why do individuals make irrational decisions that may be contrary to predicted rational choice theories (Vithessonthi, 2005).

The PBV looks into how perceptions, attitudes and emotions are used by people to solve a problem or make choices. The PBV does not assume that the choices made by the individual maximizes expected utility or uses rationality. It must be put in mind that a rational choice of a firm may not be a rational choice for the individual. Thus, what may be a rational choice to one person might be irrational to another.
Review of literature indicates that humans make rational decisions. However, humans may not always arrive at this rational decision. When an individual is angry, several psychological constructs such as emotions and attitudes influence the decision making process and thus diminishes the capacity for rational thought and action.

According to Miller (1987), analytical comprehensiveness is a concept that focuses on individuals’ systematic scanning and analysis of environments in decision making processes. In a situation where people have to make instant responses due to time constraint, some of the decision making process will not be thoroughly thought out (Vithessonthi, 2005).

**Motivational Theories**

Motivation is the driving force that initiates the action an individual takes in a given situation. In the late 19th to the early 20th century, explanations of motivation were centered on instincts. Psychologists suggested that human beings were basically bound to behave in certain ways. However, in the early 20th century researchers began to examine other theories on what motivates the individual.

In the book, *Motivation and Leadership at Work* (Steers, Porter and Bigley, 1996), research was done on internal drivers of motivation. Some researchers studied the effects of learning and how individuals base their current behavior from past learning. Other researchers focused on the cognitive processes of the individual. These studies led to the major theories of motivation; content theories and process theories of motivation.

Content theories of motivation focus on the internal drivers of the individual. It is based on what compels and fuels the individual to act or move toward satisfying their individual needs. The major content theories of motivation are; Maslow’s (1943) hierarchy of needs theory, Alderfer’s (1969) ERG theory, Herzberg’s (1968) motivator-hygiene theory and McCelland’s (1961) three-need theory.

Process theories of motivation are also known as cognitive theories. They focus on the individuals’ decision making processes and what leads in motivating themselves. Process theories are based on the premise that behavior is the result of conscious decision making process. The process theories of motivation include those of Vroom’s (1964) expectancy theory, Adams’ (1965) equity theory, Locke’s (1968) goal-setting theory and Skinner’s (1969) reinforcement theory.

Intrinsic motivation has been studied by psychologists since the early 1970s. Intrinsic motivation drives the individuals’ behavior because they feel that the action taken is of interest and enjoyment. The motivation comes from within the individual rather than external pressure. Intrinsic motivation has been explained in the context of Fritz Heider’s (1958) attribution theory, Bandura’s (1977) work on self-efficacy, and Ryan and Deci’s (2000) cognitive evaluation theory.
Extrinsic motivation however, comes from external influences. The individual may engage in an activity simply because they desire to receive the external reward. External rewards may be in the form of money and recognition. Competition is considered an extrinsic motivator because it encourages the participant to win over others and get the corresponding prize.

Social psychological research has cautioned that extrinsic rewards may lead to over justification and a subsequent reduction in intrinsic motivation. In the studies of Ryan and Deci, they concluded that even if individuals are liberally endowed with intrinsic motivational tendencies, evidence shows that to maintain such intrinsic motivational tendencies, other support conditions are needed. These support conditions may be the extrinsic rewards.

**Intrinsic Motivation Theories**

Fritz Heider's attribution theory deals with how the individual perceives the information to arrive at a causal explanation for the occurrence. This theory describes how people try to explain the behavior of others and themselves in a given situation. People try to make sense of the social environment. The attribution theory is concerned with how and why people justify events and occurrences. Heider classified the attribution theory into two types; internal attribution and external attribution. Internal attributions are driven by the individual’s motives and emotional attitudes. External attribution points at external factors as causes for the result of an event.

According to Albert Bandura’s self-efficacy theory, self-efficacy is the belief in one’s own capabilities to perform and execute the needed course of action to produce the desired result in a given situation. This is the individual’s belief in their own ability to succeed. Bandura described these beliefs as determinants of how people think, behave, and feel (1994). High efficacy is related to greater confidence and persistence on the face of challenges. It is responding to barriers and negativity by working harder with resolve.

Self-determination theory is a human theory on motivation. This theory is concerned with the motivation behind an individual’s choice without any external influence. Self-determination theory focuses on the degree to which a person is self-motivated. Psychologists Richard Ryan and Edward Deci developed this theory which suggests that people have innate psychological needs: competence, relatedness and autonomy. The central premise of this theory is that individuals have a need for growth and a desire to gain fulfillment which may be satisfied or hindered by their environment. They concluded that even if individuals are liberally endowed with intrinsic motivational tendencies, evidence shows that to maintain such intrinsic motivational tendencies, other support conditions are needed.

**Factors Affecting Employee Retention**

Studies have indicated that retention is driven by several key factors, which ought to be managed simultaneously: organizational culture, communication, strategy, pay and benefits, flexible work schedule and career development systems. (Sinha, 2012)
While it is true that compensation and other types of remuneration benefits is an important aspect in employee retention, current human resource research indicates that this is only one area of retention and it will not suffice to ensure long employee commitment. During the last few years, seminars on training and development, conflict management, work-life balance and other topics has mushroomed, indicating the current needs on equipping the human resource practitioner in influencing the employee’s decision to stay.

The primary purpose in reviewing this literature is to produce a typology of human resource interventions in employee retention. Based on the review of literature, employee retention is influenced by the following factors: compensation and benefits, recognition and rewards, working environment and company culture, recruitment and selection, career development and training, job design and work teams, performance evaluation and management, and communication procedures.

**Compensation and Benefits**

The components of compensation includes; direct financial payments such as wages, salaries, commissions and bonuses; and indirect financial payments such as paid vacation leaves and insurance (Dessler, 2011). The human resource literature on compensation is considered one of the determining factor that affects employee retention. Most of the journals and articles used for this research stress the importance of compensation in attracting and keeping key employees.

Some researchers argue that a good compensation package builds strong commitment on both the organization and employee. The industry average salary given by organizations will affect their level of turnover. Lawler (1990) argued that the key issue in retention is pegged on industry average and the total compensation package offered by competition. (Parthasarathy & Zimmermann, 2012) Literature review reveals that high compensation package given by companies create an organizational culture of excellence. (Irshad, 2011)

The indirect financial payments may also be called benefits. These payments or benefits include those legally required by law, insurance benefits, paid leaves, retirement and savings, and supplemental pay. Pay for time not worked—also called *supplemental pay benefits*—is the most costly benefit (Dessler, 2011).

Most countries have their own workers’ compensation law and commission, and some even run insurance programs. Hospitalization, health, and disability insurance helps protect employees against hospitalization costs and the loss of income arising from off-the-job accidents or illness. Many employers offer membership in a health maintenance organization (HMO) as a hospital/medical insurance option.

**Recognition and Rewards**

Recognition and/or rewards are given to help keep employees motivated to do their job. Rewards are very important because it has enduring impression on employees and support the perception of employees’ that they are valued (Silbert, 2005). A reward may be intrinsic or extrinsic.
Research works draw attention to the linkage between rewards and employee retention. They give insights to employees thoughts and perception on rewards and its’ importance to them. Studies on employee retention support the assumption that good reward practices help in talent retention and management. An annual survey of Watson Wyatt on worker attitudes toward employers and workplace, finds that recognition is important for workers and they want to know that their work are recognized and appreciated (Irshad, 2011).

Review of literature from various authors tend to support that for recognition and rewards to be effective, it must be supported by other systems, structures, processes and practice. Recognition and rewards programs should be well planned and used with care. It is not a standalone motivational technique and should be used to complement other incentive schemes.

Work Environment and Company Culture

Eby, Adams, Russel & Gaby (2000) suggested a good work environment is characterized by many factors such as participation in work related decisions, supervisory feedback as well as support and rewards that were perceived as fair and equitable. This provides individuals with the chance to make a difference on the job, try out new skills, exercise discretion and receive feedback on their performance. According to Thomas and Velthouse (1990) these work conditions are expected to increase individuals’ intrinsic motivation by providing affirmation that their efforts are worthwhile and valued. This affective commitment of employees brings about job satisfaction. Affective commitment lessens turnover and absenteeism (Lebase 2007).

Corporate culture is described as the driving forces that shape life in a business organization (Fitzenz 1990; Sheriden 1992). Management philosophy and style, communications policies and procedures, culture and beliefs interact to create the distinctiveness of each company (Furnham 2002; Guzzo and Noonan 1994; Schien 1990). People usually join a company because they are attracted to the name of the organization (Chew, 2004).

Literature review strongly supports the notion that people stay with their employers if the culture of commitment is strong. Harris and Brannick (1999) states that people are more likely to stay if the perceived workplace culture, however this is communicated, is a good “fit” with the individual’s own interests, orientation and attitudes (Lochhead & Stephens, 2004).

Recruitment and Selection

Organizations today use varied methods of employee selection to obtain the applicant’s genuine skills and capabilities. Research by Wilk, Desmarias and Sackett (1995) indicates that employees are attracted towards job with complexity levels that are commensurate with their ability. The concept of organizational fit for Brown, Kidron and Steers recognizes that the employee and the organization have similar goals and values to develop an affective commitment. Barnard defined organization fit as an employee’s willingness to cooperate with the organization as a reflection of their being loyal and ‘sticking together’. According to Smith, selection should improve the fit between the applicant and other aspects of the work such as personal values and character fit with the organization culture (Chew, 2004).
The importance of traditional and non-traditional recruitment methods cannot be overlooked. Some recruitment methods include structured and panel interviews, pre-employment testing (IQ, analytical and reasoning skills), simulations and work samples. These recruitment methods are the tools to enable the human resource practitioner to make accurate evaluations about each applicant and decide which among them will fit the organization best.

Organizations should take time to match job requirements with the applicant’s knowledge, skills and abilities together with their personality and character against the corporate values and culture. Lee, Ashwood, Walsh and Mowday (1992) support that an employee’s satisfaction with a job, as well as their intention to leave the job is anchored on the degree to which the individual’s personality and character matches the working environment (Chew 2008).

Career Development and Training

Review of literature indicates that employees who have grown in their company because of company support through training and other programs tend to be more committed and loyal to the organization. On the other hand, a study by Ongori & Agolla (2009) pointed that a career plateau in an organization signals a lack of personal growth which then leads to the employees’ intention to leave. Another study by Yamamoto reveals that employees who are in a career plateau have a higher intention to leave because of the reduced possible opportunities for promotion (Kwenin, 2013).

Training is a common human resource practice in many organizations. When employees receive regular trainings, they feel an emotional attachment and commitment to the organization and thus they are less likely to leave their jobs. (Ashar, 2006) Huselid (1998) also suggests that training is an important determinant of employee retention. Mone and London’s (2009) studies indicate that when organizations provide opportunities for training and development, this causes better employee development and engagement. Literature review indicates that training and development has a link with employee retention. Training alone however, cannot address retention issues; it has to be complemented by other human resource practices, such as compensation & benefits, recognition and reward system (Tangthong, 2014).

Job Design and Work Teams

Recent human resource practices have shown interest in improving job design. Job design research points out that a stimulating job is associated with employees’ psychological motivation and in turn contributes to their positive work behavior and attitude outcomes. (Morgan & Campion, 2003) Contemporary research on job design has been mostly based on Hackman & Oldham Job Characteristics Model (1980). This model focuses on five core job characteristics; skill variety, task identity, tasks significance, autonomy, and job feedback. By having these core characteristics, the employee is lead to three psychological states; experienced meaningfulness at work, experienced responsibility for outcome of the work, and knowledge of results of work activities, which then positively affect individual work motivation, satisfaction, and performance (Fried, 2007).
Organizations today encourage team efforts, work assignments involving groups and other forms of social interaction particularly for job related tasks (Marchington, 2000). Team based organizations establish a sense of camaraderie and bond that adds meaning to their work environment. With the focus on teamwork and empowerment, the flatter organization puts a premium on organizational citizenship behavior where both the organization and the team benefits. Employees who work as a team are more committed to the group task and the organization (Cohen and Bailey, 1997). As such, in a study by Clark, (2001) employees tend to remain in the organization because of the relationship established between and among members of the team (Chew, 2004).

**Performance Management and Evaluation**

To be aligned with the strategic goal of the company, performance management dictates that managers ascertain that employees’ activities and outcomes are in line with the organization’s goals and eventually contributes to the company’s competitive advantage. Performance management sets the link between employee performance and organizational goals.

Aguinis classifies the performance management process into; company prerequisites, performance planning, performance execution, performance assessment, performance review, performance renewal and re-contracting. Company prerequisites include the knowledge of the strategic goals and the particular job needed for each tasks. Performance planning is the agreement between the supervisor and the employee on what needs to be done and how it should be done. It includes both performance results and employee behavior. Employees should have an active input in; the development of the job description, the performance standards and the creation of the rating form. The performance execution stage includes employee commitment to achieve the set goals; giving continuous feedback and coaching, having proper communication, sharing of performance data and preparing performance reviews (Aguinis, 2009).

**Communications**

Communication today comes in many forms. Traditional communication may have been replaced by e-mails and SMS messaging. Technology is changing the way people communicate, including sending messages via Twitter and Instagram. Organizational communication occurs among many individuals and groups, there are; downward communications, lateral communications and upward communications (Dessler, 2011). Proper communication takes into account the channel (such as face to face, telephone or electronic means) to be used for the type of communication needed, formal or informal.

“Communication is the transfer and understanding of meaning” (Robbins, 2009) between a sender and receiver through a channel or medium. Communications occurs between two or more parties. Good and open communication improves employee relationship with the company and builds a culture of trust (Chew, 2004)

The basic principle of having an open form of communication with employees is a foundation for effective employee retention. When employees feel that they are in the information loop, it reinforces the employee’s connection to the organization (Lochhead & Stephens, 2004). Good
communication establishes a sense of camaraderie and belongingness, a partnership with the organization. When employees feel they have a voice, they feel more part of the group, which encourages them to work and perform better (Muhammad, 2012).

STATEMENT OF THE PROBLEM

P1 As perceived by the respondents, what is the level of influence of the following factors; compensation and benefits, recognition and rewards, working environment and company culture, recruitment and selection, career development and training, job design and work teams, performance management and evaluation, and communication procedures that affect their retention?

P2 As perceived by the respondents, what is the level of importance of the following factors; compensation and benefits, recognition and rewards, working environment and company culture, recruitment and selection, career development and training, job design and work teams, performance management and evaluation, and communication procedures that affect their retention?

P3 Is there a significant relationship with regards to the level of influence to the level of importance as perceived by the respondents on the following factors; compensation and benefits, recognition and rewards, working environment and company culture, recruitment and selection, career development and training, job design and work teams, performance management and evaluation, and communication procedures?

H1 There is no significant relationship with regards to the level of influence to the level of importance as perceived by the respondents on the following factors; compensation and benefits, recognition and rewards, working environment and company culture, recruitment and selection, career development and training, job design and work teams, performance management and evaluation, and communication procedures.

RESEARH METHODOLOGY

Research Design

A descriptive correlational research was used for the study through survey questionnaire. It examined the current phenomenon that occurs at the selected food and beverage manufacturing companies at a particular time. This scientific method was used to observe and describe the behavior of managerial employees with regard to the eight factors of employee retention; compensation and benefits, rewards and recognition, work environment and culture, recruitment and selection, career development and training, job design and work teams, performance management and evaluation, and communications.

A correlational research was used to compare employee perception on the level of influence and level of importance on the eight factors of employee retention. Arithmetic mean and standard deviation was used for measuring the perception of the respondents on the level of influence and level of importance of the factors. The study answered the association of the demographic
profile of the respondents with their perceptions on the factors of employee retention. The goal of this descriptive correlational research was to find the relationship; positive or negative, among these variables.

This study used quantitative research to achieve a complete, detailed description of the research topic. The survey research involved acquiring information from a group of respondents through the survey questionnaire. The researcher presented the questionnaire to the randomly selected participants. The answers were then tabulated to learn the behavior of the larger population.

**Research Instrument**

Item construction of survey was made by the researcher and validation of the survey questionnaire was done by five experts in their field, industry practitioners, academicians and/or industrial psychologists. To ensure the viability of the survey instrument, a pilot test was done with 27 respondents belonging to the managerial level. Reliability test was performed using the Cronbach’s alpha measuring the internal consistency among test items.

An employee retention survey questionnaire was used to gather data composed of 7 questions per retention factor, totaling 56 questions. The survey questionnaire was designed with two main columns to determine the level of influence and level of importance on the factors of employee retention. The level of influence was defined as “the capacity of the factor to have an effect on my behavior and/or judgment in staying with the company”, while the level of importance was defined as “the factor having great significance and/or value to me to stay with the company”.

It was followed by a four point Likert scale, where the interpretations are: 4 is very high, 3 is high, 2 is moderate and 1 is low, to gauge their perception on the eight factors of employee retention.

**Participants**

The respondents of the study came from ten large organizations consisting of 231 respondents. Of the 231 respondents, 17 were rejected due to errors brought about by unanswered questions and incomplete replies. The 214 respondents were from within the Greater Manila Area. According to Republic Act no. 9178 known as the Barangay Micro Business Enterprise Act of 2002, the enterprise categories have been defined with capitalization as follows: Micro up to Php 3M; Small Php3M to Php 15M; Medium Php 15M to Php100M and large above 100M. All respondents were supervisors, managers or executives. The demographic profile of the respondents are shown in Table 1.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Group</th>
<th>Count</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position</td>
<td>Supervisor</td>
<td>114</td>
<td>53.3</td>
</tr>
<tr>
<td></td>
<td>Manager</td>
<td>85</td>
<td>39.7</td>
</tr>
<tr>
<td></td>
<td>Executive</td>
<td>15</td>
<td>7.0</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>214</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 1. Demographic Profile of the Respondents
RESULTS AND DISCUSSIONS

Level of Influence as Perceived by the Respondents

SOP1  As perceived by the respondents, what is the level of influence of the following factors; compensation and benefits, recognition and rewards, working environment and company culture, recruitment and selection, career development and training, job design and work teams, performance management and evaluation, and communications that affect their retention?

Table 2.1. Level of Influence on the Factors that Affect their Retention as Perceived by the Respondents

<table>
<thead>
<tr>
<th>Domains</th>
<th>Mean</th>
<th>SD</th>
<th>Verbal Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation &amp; Benefits</td>
<td>3.22</td>
<td>0.57</td>
<td>High</td>
</tr>
<tr>
<td>Recognition &amp; Rewards</td>
<td>3.18</td>
<td>0.58</td>
<td>High</td>
</tr>
<tr>
<td>Work Environment &amp; Culture</td>
<td><strong>3.36</strong></td>
<td><strong>0.46</strong></td>
<td><strong>Very High</strong></td>
</tr>
<tr>
<td>Recruitment &amp; Selection</td>
<td>3.15</td>
<td>0.47</td>
<td>High</td>
</tr>
<tr>
<td>Career Development &amp; Training</td>
<td>3.34</td>
<td>0.58</td>
<td>Very High</td>
</tr>
<tr>
<td>Job Design &amp; Work Teams</td>
<td>3.35</td>
<td>0.48</td>
<td>Very High</td>
</tr>
<tr>
<td>Performance Management &amp; Evaluation</td>
<td><strong>3.36</strong></td>
<td><strong>0.51</strong></td>
<td><strong>Very High</strong></td>
</tr>
<tr>
<td>Communications</td>
<td>3.22</td>
<td>0.58</td>
<td>High</td>
</tr>
<tr>
<td><strong>AVERAGE</strong></td>
<td><strong>3.27</strong></td>
<td><strong>0.40</strong></td>
<td><strong>Very High</strong></td>
</tr>
</tbody>
</table>

The average mean score for the eight factors of employee retention was 3.27, highest was at 3.36 on work environment and culture as well as performance management and evaluation, and the lowest at 3.15 on recruitment and selection. This indicates that the respondents perception on the level of influence of the factors of retention was high to very high, indicating that all the factors are contributory to employee retention. Data results are found in Table 2.1 and the verbal description of the mean is found in Table 2.

Table 2.2 Verbal Description of the Mean

<table>
<thead>
<tr>
<th>Numerical Value</th>
<th>Mean</th>
<th>Verbal Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>4.00 – 3.25</td>
<td>Very High</td>
</tr>
<tr>
<td>3</td>
<td>3.24 – 2.50</td>
<td>High</td>
</tr>
<tr>
<td>2</td>
<td>2.49 – 1.75</td>
<td>Moderate</td>
</tr>
<tr>
<td>1</td>
<td>1.74 – 1.00</td>
<td>Low</td>
</tr>
</tbody>
</table>

The very high level of work environment and culture may be due to the findings that the culture of commitment is not only the sum of HR policies plus retention practices. It encompasses the overall organizational culture including corporate values and how the organization
communicates these values to their employees. It includes how employees perceive the importance of their role in the organization and what is their contribution toward its success. (Lochhead & Stephens, 2004).

The very high rating of performance management and evaluation with regard to level of influence may be because of the Expectancy Theory of Vroom. This theory occurs when an employee believes that putting more effort into the task will yield to a better performance and thus will lead to organizational rewards. These extrinsic rewards are valued by the employee. Rewards implement the positive reinforcement theory.

**Level of Importance as Perceived by the Respondents**

**SOP2.** As perceived by the respondents, what is the *level of importance* of the following factors; compensation and benefits, recognition and rewards, working environment and company culture, recruitment and selection, career development and training, job design and work teams, performance management and evaluation, and communications, that affect their retention?

<table>
<thead>
<tr>
<th>Domains</th>
<th>Mean</th>
<th>SD</th>
<th>Verbal Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation &amp; Benefits</td>
<td>3.45</td>
<td>0.51</td>
<td>Very High</td>
</tr>
<tr>
<td>Recognition &amp; Rewards</td>
<td>3.28</td>
<td>0.56</td>
<td>Very High</td>
</tr>
<tr>
<td>Work Environment &amp; Culture</td>
<td>3.46</td>
<td>0.44</td>
<td>Very High</td>
</tr>
<tr>
<td>Recruitment &amp; Selection</td>
<td>3.25</td>
<td>0.48</td>
<td>Very High</td>
</tr>
<tr>
<td><strong>Career Development &amp; Training</strong></td>
<td>3.53</td>
<td>0.46</td>
<td>Very High</td>
</tr>
<tr>
<td>Job Design &amp; Work Teams</td>
<td>3.47</td>
<td>0.46</td>
<td>Very High</td>
</tr>
<tr>
<td><strong>Performance Management &amp; Evaluation</strong></td>
<td>3.51</td>
<td>0.44</td>
<td>Very High</td>
</tr>
<tr>
<td>Communications</td>
<td>3.39</td>
<td>0.51</td>
<td>Very High</td>
</tr>
<tr>
<td><strong>AVERAGE</strong></td>
<td>3.42</td>
<td>0.35</td>
<td>Very High</td>
</tr>
</tbody>
</table>

The average mean score for the eight factors of employee retention was 3.42, highest was at 3.53 on career development and training and the lowest at 3.25 on recruitment and selection as indicated on Table 3. This indicates that the respondent’s perception on the level of importance on all the retention factors had very high mean averages. Verbal description of the mean is found on Table 2.2.

Career development and training may have had the highest score because of the present business practices. A distinctive trend in the current business world is organizations of today are flatter than they were before. The traditional multi layers structures have been replaced and thus an upward career becomes less possible. Career advancement is no longer a linear progression but a series of lateral movements. This lateral movement has been termed as a “multi-directional career movement”, which top performing organizations have adopted for employee career advancement (Harrison, 2011). Thus, employees feel the need for career advancement through training.
As with the level of influence, the level of importance generated a very high mean score on performance management and evaluation. The social cognitive theory as developed by Bandura theorized the concept of self-efficacy. This implies the belief in one’s self or capabilities can powerfully affect performance (Ikemefuna, 2012). With 95.3% of the respondents being college graduates and post graduates, it can be inferred that they believe they are capable to do the assigned task well.

Respondents of the study may have perceived performance appraisal systems as a form of applying organizational justice and fairness. Adam’s equity theory is utilized as a perception theory, where employees compare their ratios of outcomes to inputs with others in the same level they believe to be relevant. Employee perception about performance appraisal system has an influence on their decision to stay or leave the company. As a whole, the employee’s perception of organizational justice (Greenberg, 2005) with regard to how organizations behave toward a situation will affect the employee’s behavior. Greenberg introduced the concept of organizational justice; justice being the study of having fairness in the workplace (Steiner, 2006).

**Difference in the Perception of the Respondents on: Level of Influence and Level of Importance**

**H1.** There is no significant relationship with regards to the level of influence to the level of importance as perceived by the respondents on the following factors; compensation and benefits, recognition and rewards, working environment and company culture, recruitment and selection, career development and training, job design and work teams, performance evaluation and management, and communications.

**Table 3.1.** Summary Relationship among the factors of Level of Influence and Level of Importance

<table>
<thead>
<tr>
<th>IMPORTANCE</th>
<th>INFLUENCE</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Compensation &amp; Benefits</td>
<td>.64*</td>
<td>.44*</td>
<td>.26*</td>
<td>.25*</td>
<td>.12*</td>
<td>.18*</td>
<td>.25*</td>
<td>.17*</td>
<td></td>
</tr>
<tr>
<td>2 Recognition &amp; Rewards</td>
<td>.40*</td>
<td>.64*</td>
<td>.39*</td>
<td>.30*</td>
<td>.28*</td>
<td>.36*</td>
<td>.30*</td>
<td>.33*</td>
<td></td>
</tr>
<tr>
<td>3 Work Environment &amp; Culture</td>
<td>.28*</td>
<td>.47*</td>
<td>.72*</td>
<td>.45*</td>
<td>.40*</td>
<td>.44*</td>
<td>.43*</td>
<td>.43*</td>
<td></td>
</tr>
<tr>
<td>4 Recruitment &amp; Selection</td>
<td>.21*</td>
<td>.27*</td>
<td>.35*</td>
<td>.72*</td>
<td>.20*</td>
<td>.38*</td>
<td>.39*</td>
<td>.39*</td>
<td></td>
</tr>
<tr>
<td>5 Career Development &amp; Training</td>
<td>.19*</td>
<td>.38*</td>
<td>.36*</td>
<td>.26*</td>
<td>.65*</td>
<td>.48*</td>
<td>.44*</td>
<td>.32*</td>
<td></td>
</tr>
<tr>
<td>6 Job Design &amp; Work Teams</td>
<td>.18*</td>
<td>.39*</td>
<td>.38*</td>
<td>.37*</td>
<td>.38*</td>
<td>.69*</td>
<td>.49*</td>
<td>.44*</td>
<td></td>
</tr>
<tr>
<td>7 Performance Management &amp; Evaluation</td>
<td>.28*</td>
<td>.39*</td>
<td>.50*</td>
<td>.44*</td>
<td>.44*</td>
<td>.56*</td>
<td>.69*</td>
<td>.47*</td>
<td></td>
</tr>
<tr>
<td>8 Communications</td>
<td>.16*</td>
<td>.30*</td>
<td>.36*</td>
<td>.44*</td>
<td>.29*</td>
<td>.50*</td>
<td>.49*</td>
<td>.67*</td>
<td></td>
</tr>
</tbody>
</table>

*Significant relationship at .05 level
Table 3.2. Dancey and Reidy's categorization

<table>
<thead>
<tr>
<th>Value of the Correlation Coefficient</th>
<th>Strength of Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>± 1.0</td>
<td>Perfect</td>
</tr>
<tr>
<td>± 0.70 to ± 0.99</td>
<td>Strong</td>
</tr>
<tr>
<td>± 0.40 to ± 0.69</td>
<td>Moderate</td>
</tr>
<tr>
<td>± 0.10 to ± 0.39</td>
<td>Weak</td>
</tr>
<tr>
<td>0.00</td>
<td>None</td>
</tr>
</tbody>
</table>

At $\alpha = 0.05$, we can conclude that there is a significant association between the level of influence and the level of importance from Table 3.1. The strongest association was on work environment and culture, and recruitment and selection (correlation = 0.72) and weakest at career development & training and compensation & benefits (correlation = 0.12).

Dancey and Reidy's categorization was used for obtaining the value of the correlation coefficient with the strength of the correlation.

Summary of the Means

<table>
<thead>
<tr>
<th>Domains</th>
<th>Level of Influence Mean</th>
<th>Level of Importance Mean</th>
<th>Total Mean</th>
<th>Verbal Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation &amp; Benefits</td>
<td>3.22</td>
<td>3.45</td>
<td>3.34</td>
<td>Very High</td>
</tr>
<tr>
<td>Recognition &amp; Rewards</td>
<td>3.18</td>
<td>3.28</td>
<td>3.23</td>
<td>High</td>
</tr>
<tr>
<td>Work Environment &amp; Culture</td>
<td>3.36</td>
<td>3.46</td>
<td>3.41</td>
<td>Very High</td>
</tr>
<tr>
<td>Recruitment &amp; Selection</td>
<td>3.15</td>
<td>3.25</td>
<td>3.20</td>
<td>High</td>
</tr>
<tr>
<td>Career Development &amp; Training</td>
<td>3.34</td>
<td>3.53</td>
<td>3.44</td>
<td>Very High</td>
</tr>
<tr>
<td>Job Design &amp; Work Teams</td>
<td>3.35</td>
<td>3.47</td>
<td>3.41</td>
<td>Very High</td>
</tr>
<tr>
<td>Performance Management &amp; Evaluation</td>
<td>3.36</td>
<td>3.51</td>
<td>3.44</td>
<td>Very High</td>
</tr>
<tr>
<td>Communications</td>
<td>3.22</td>
<td>3.39</td>
<td>3.31</td>
<td>Very High</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>3.27</td>
<td>3.42</td>
<td>3.34</td>
<td>Very High</td>
</tr>
</tbody>
</table>

The Summary of the Means show that Career Development & Training and Performance Management & Evaluation generated the highest mean with 3.44, indicating a very high perception both on the level of influence and level of importance.
The level of importance generated a higher mean average at 3.42 compared to level of influence at 3.27 from the perception of the employees. Intrinsic motivation, deriving from within the person or from the activity itself, positively affects behavior, performance, and wellbeing (Ryan & Deci, 2000). Intrinsic motivation remains a moderate to strong predictor of performance regardless of whether incentives are present. (Cerasoli et al, 2014) Intrinsic motivation comes from the enjoyment of doing the activity itself.

Research has found that intrinsic motivation is usually associated with high achievement (Bhadoriya, 2013). Thus, high level of importance may be due to the profile of the respondents who are mostly college graduates at 87.8% and masters & doctorate at 7.5%.

CONCLUSIONS

Results of the study revealed that all factors of retention generated a high to very high mean scores from the perception of the employees. This indicates that from the perception of the respondents, all the factors are important and influential to employee retention. Findings showed that there is a positive significant relationship between the level of influence and level of importance, with the correlation coefficient ranging from .12 to .72.

With reference to the data gathered between level of influence and level of importance, the level of importance generated a higher mean average of 3.42 compared to the level of influence with a mean average of 3.27. As defined in the survey questionnaire, the level of Influence is the capacity of the factor to have an effect on my behavior and/or judgment in staying with the company while the level of importance is the factor having great significance and/or value to me to stay with the company. Frederick Herzberg found intrinsic rewards to be much stronger than financial rewards in increasing employee motivation. An intrinsic reward fulfills the employees’ intrinsic motivators and drives them. These intrinsic motivators include challenging task or a plaque/certificate to acknowledge the employees’ work well done. Extrinsic rewards may come in various forms such as cash and bonuses.

Results of the study revealed that the highest total mean was on Career Development & Training (3.44) and Performance Management & Evaluation (3.44) from the perception of the employees. Conclusion drawn from this may be because it is highly important to employees that they be skilled in their task to perform their job well. The performance evaluation being conducted in the organization is highly relevant to the employees’ career goals. Opportunities for individual growth are sought since career advancement is no longer a linear progression but a series of lateral movements (Harrison, 2011).

Organizational performance is a work of both people and systems. While human resource (HR) systems select, train and reward employees to produce the desired behavior, it is also the people, such as line managers who place a key role in managing the HR system. Managers and HR practitioners alike must think in terms of a value creating process that will merge the HR functions and systems to produce superior employee performance (Becker, 2001).

Data gathered indicated that the lowest mean was on Recruitment & Selection (3.20) from the perception of the employees. This may indicate that Recruitment and Selection is not directly
connected to the regular employees. Recruitment and Selection is a function that employees believe should be done by the HR.

Part of employee perception is their view of organizational justice with regard to how organizations act and react towards situations that will affect them. This includes organizational justice in; distributive justice (fairness of outcome), procedural justice (fairness of outcome process) and interactional justice (being treated with dignity and respect). Thus the human resource practitioner should check, review and evaluate all existing HR practices, programs & policies and what must be done to improve them.

**Recommendations**

It is important for further studies to be done on other factors of employee retention such as succession planning, employee engagement and job fit. The research had been limited to the eight factors of retention to a particular industry in a particular geographic location. Thus a generalization of the study becomes restricted. Research may also be done to the different industries in varied geographic locations.

And for further research, a larger sample may be surveyed covering a wider geographic area. Also, to thoroughly investigate the perception of the key employees, other demographic variables may be used for the study, such as age, gender and number of dependents.

The study focused on the perception of the employees with regard to level of influence and level of importance. The perception of the psychological contract between the employer and employee may also be used as a basis of perception.

It should be taken into consideration that as the macro environment changes, employee behavior changes. Organizations must continue to be innovative and redesign employee retention programs to cater to the current industry trends. It is hoped that future investigations will be done to improve and expand research on employee retention.

**REFERENCES**


