

## **Employee Retention Through Employee Engagement - A Study At An Indian International Airport**

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**ABSTRACT:** *Employee engagement leads to commitment and psychological attachment and reflects in the form of high retention (low attrition) of employees. The level of engagement in employees can be enhanced by identifying its drivers (influential factors) and work on them. For the purpose of study, the drivers of the employee engagement are identified and hypotheses have been formulated. The relationship between employee engagement and employee retention is examined from the response to separate questionnaires from 185 employees who are chosen based on random sampling. The study finds that the employee retention can be improved by increasing the level of employee engagement and focusing on few non-financial drivers. Practical implication of this study is the retention can be improved without financial expenditure when there are economic constraints. Organizations can design good practices in the light of findings to retain their best talent (highly skilled and specialized human resources) without much financial burden.*

**KEYWORDS:** *Employee Engagement, Employee Retention, Work environment, Supervisor support, Communication*

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### **I. INTRODUCTION**

#### **Background of study**

An Indian International Airport was facing severe employee retention issues from the beginning of the year 2011. The retention was a growing concern for the airport because not only the key performing employees but also few core employees were ready to leave the organization. The experienced and highly skilled manpower was able to get better opportunities and the airport was not able to retain them. The employee turnover was creating lot of problems for the remaining employees, organization and customers. The existing employees had to share the work of those who left airport as the recruitment takes its own time. This brought down the morale of the employees. As airport is service intensive organization the customer (passenger)' satisfaction and safety has become very important. This was also affected due to low morale of employees. The recruitment cost was also increasing. Top management acted on and many morale boost meetings were conducted. Internal experts on the human resource were asked to conduct brain storming sessions to find out the ways to improve employee retention. Proposals from some management consultants too were invited to address employee turnover.

#### **Raising customer expectations**

As the number of air travelers is increasing, their expectations from airports also have been increasing. The increasing number of passengers and cargo handling has contributed to other pressing demands for more airports all over the world. There are two main aspects in this regard. First aspect is customer services in line with the best global standards and other one is the availability of technical and operational expertise for up-keeping the airport systems. There is a great demand for the people who are competent to meet these types of requirements. Attracting and retaining the right talent is becoming a major challenge. Apart from this the passenger's satisfaction, comfort, safety are also very important. This would be possible only if the organization has highly engaged employees. First and foremost focus is on the retention of the competent employees. Here comes the importance of Employee Engagement.

### **Budget constraints**

There are few studies conducted on similar situations in some other areas like IT companies, power sectors, and oil sectors etc. Most of them brought out the solutions with heavy financial burdens. As the airport is not a highly revenue generating business this type of solution was not under consideration. Against the backdrop of employee attrition, raising expectations of customers and keeping the costs involved in reducing attrition, new initiatives such as brainstorming meetings, expert meetings and interviews, the present study is initiated to improve employee retention levels with minimal expenditure or without any expenditure.

## **II. REVIEW OF LITERATURE**

### **Employee engagement-Meaning & definitions**

Employee engagement is defined as employees' willingness and ability to help their company succeed, largely by providing discretionary effort on sustainable basis (Perrin's Global work study, 2003). Another study (Scarlett survey) views it as a measurable degree of an employees' emotional attachment to their job, colleagues and organization that profoundly influences their willingness to learn and perform at work. The employee engagement is an emergent working condition and a positive cognitive, emotional and behavioral state directed toward organizational outcomes (Shuck & Wollard, 2009). Gallup (which is known as authority on employee engagement) relates employee engagement to a positive employee's emotional attachment and employee's commitment (Demovsek D, 2008). Thus the employee engagement makes employees emotionally bonded to their organization and tend them to become passionate about their work and hence results in improvement of employee retention.

### **Impact on Employee Retention**

Employees are assets of any organization and organization always try to avoid losing the key performers. Employee retention can be defined differently as per the context of its usage. It can be represented mathematically in percentage such as retention level is 87%, which means the organization could keep its 87% of its employees with them for a specified period which is normally taken as a year. In other context employee retention refers to the ability of an organization to retain its employees. In this case the employee retention is considered as a strategy, based on the effort by which the organization attempts to retain the employees. Employee retention involves taking measures to encourage employees to remain in the organization for the maximum period. Whereas retention management has become major source of competitive advantage in the modern rapidly globalizing business world (Vaiman, 2008). Randenbush, S.W. & Bryk, A.S. (2002) argue that the employee turnover affects family, organization and society. It brings stress in family as relocation of family and employee will become necessary and financially related issues in connection with the relocation also arise. For organization it may lead to disruption of service to clients and dissatisfaction of employees due to extra workload. When an employee with critical skills to support the society leaves the organization, it impacts the society badly. With retention a growing concern for organizations, understanding the factors that drive commitment and loyalty among employees is essential for managing increasing turnover risk in the months and years ahead. (Mark Royal, Hay Group News release, 2011). As per Corporate Leadership Council report (2008) the highly engaged organizations have the potential to reduce the staff turnover by 87%, the disengaged are four times more likely leave organization than average employees. It was observed that the employee retention can be improved by improving employee engagement.

### **Role of HRM in Employee Engagement and Retention**

Human Resources Management (HRM) play important role in retention of employees. HR managers have to identify the right retention strategies which their employees perceive to be effective. Good HRM practices in the area of compensation, reward, career development, supervisors' support, culture and work environment can help to improve retention (Meyer and Allan, 1991; Solomon, 1992; Snell and Dean, 1992). Many organizations now utilize extensive range of human resources management factors that influence employee commitment and retention (Stein, 2000; Beck, 2001; Clarke, 2001; Parker and Wright, 2001). According to them, the factors which influence employee retention are work environment, supervisor support, organization image, employee value match, remuneration, reward and recognition, employees' career development etc. Hay Group study (2011) has identified five key factors that differentiate "stayers" (those committed to the company more than two years) from "leavers" (those planning to leave in two years or less). The key factors are confidence in the organization and leadership, room for employees to grow, a fair exchange between organization and employee, an environment for success and authority and influence. Factors influencing engagement include work environment, rewards and recognition, career development, supervisor/leader, compensation/remuneration, and employee- organization value match.

Work environment is considered one of the most important factors in the employee retention (Zeytinoglu & Denton, 2005) and people strive to work and to stay in those corporations that provide good and positive work environment (Ramlal 2003). Study by Wiesenberger and Associates (1993) suggest that employees' view regarding organization is strongly concerned to their relationship with supervisor. Recognition from bosses, team members, co-workers and customers enhance the loyalty and retention.

Several studies have highlighted the linkage between rewards and employee retention and it has been the most important factor for attracting and retaining the talent (Williams and Dreher, 1992; Watson Wyatt, 1999; Willis, 2000; Tower Perrin, 2003; Mercer, 2003).

Career development is also very important for employee retention. Employees are keen to advance in their career, organization desires to strengthen their bond with employees must spend on development of employees (Hall & Moss, 1988). Study by Prince (2005) also advocates that to gain competitive advantage, organization requires talented and productive employees and the latter need career development to enhance and cultivate their competencies. Freyermuth (2007) also recommends that the organization must groom leaders to support the employees and to build the work environment where workers want to stay.

### **III. RESEARCH METHODOLOGY**

#### **Scope, Sample & Methodology**

Area of the study is an Indian International airport whose employee strength is 554 distributed across eight (8) departments. The sample framework is the people working in eight departments where the issue relating to retention is prevalent. 554 employees work in eight (8) departments and therefore stratified random sampling technique is used. A sample size of one third of their strength is chosen using random sampling and a total sample arrived is 185 (see table 1). Data was collected from the employees through questionnaire for employee engagement and employee retention. All eight (8) main departments in the airport were covered in the study.

#### **Drivers of the employee engagement:**

Initially 25 drivers of employee engagement were identified with help of literature review and in discussion with senior management and airport operation specialist. Based on the impact analysis, nine (9) drivers were shortlisted (see table 2) out of 25 drivers. Out of the nine (9) shortlisted drivers of engagement, communication, rewards & recognition, compensation and benefits, manager/supervisor relationship, career development, teamwork, role clarity, work environment and work life balance, action plans are drawn and implemented only for drivers with non-financial support. Hence only six (6) drivers were considered (See table 2). Many action plans were implemented on these drivers - communication, rewards & recognition, manager and supervisor relationship, teamwork, role clarity and work environment, few of them to mention are on spot appreciations, green cards, silver cards, star of the month, town hall meetings, skip level meetings, one to one meetings, CEO's monthly meetings, open door policy, department steering committee meetings, internal coordination committees, team activities, team building exercises, reporting channel streamlining, induction of HR buddy to each department to improve the HR process and HR helpdesk etc.

#### **Hypotheses**

Null hypotheses formulated are:

H1: There is no significant impact of implementation of action plans for non-financial drivers to the level of engagement of employees. H2: There is no significant improvement in the level of employee retention due to increase in the level of employee engagement.

The hypotheses have been tested and the results have been arrived at.

**Data sources:** Quantitative research technique is used and this study is descriptive in nature. Both primary and secondary data have been used in this study. Primary data was collected through a questionnaire and secondary data was collected from documentation section of each department.

#### **Instrument Development**

Even though a number of instruments are available that measure the retention level of employees, they are not customized for the international airport scenario. After long discussions with senior management team and representatives from all departments 15 influencing factors of retention were identified. Then in response to exit interview questions the influencing factors were analyzed. The analysis revealed that seven factors were responsible for more than 85% of attrition (see table 3). Based on this evaluation and the discussions the final questionnaire for evaluating the retention was formed. As the focus of the study is on improving retention through employee engagement, the level of employee engagement was also evaluated. Twenty five (25) drivers

of employee engagement were identified initially and finally narrowed down to nine (9) on the basis of its impact on the level of engagement. Questionnaire based on these nine (9) factors were formed. The drivers of engagement were communication, rewards & recognition, compensation and benefits, manager/supervisor relationship, career development, teamwork, role clarity, work environment and work life balance.

**Reliability Test** The data collected thorough questionnaire was subjected to reliability test, which shown strong internal consistency among the given items and hence satisfied.

#### Data collection

After preparing both questionnaires the data was collected for finding out the initial level of engagement and retention of employees. After this many engagement boosting activities were implemented on the drivers which don't require financial support. The hypotheses have been formulated for the purpose of the study. Again level of engagement and retention was evaluated by administrating the questionnaire after 6 months. The result was studied in comparison with original scores and the hypotheses were tested.

**Data analysis** Initial levels of engagement of employees were evaluated from the response given by the 185 employees from eight (8) departments to the questionnaire which contains 20 questions. Similarly the initial levels of employee retention also were evaluated by administrating another questionnaire with 20 questions. The result of the survey carried out after six (6) months with same questionnaire was used to evaluate the impact on the levels of retention by the change in the levels of engagement of employees. Change in the level of employee engagement was evaluated after implementing the action plans decided in the expert and management meeting. Paired t-test used to test the hypotheses.

### IV. RESULTS AND DISCUSSIONS

The data obtained is subjected to statistical testing and the results obtained were analyzed and the discussions follow.

#### Impact of Morale boost plans /non-financial drivers on employee engagement

**H1:** There is no significant impact of implementation of action plans for non-financial drivers to the level of engagement of employees.

From table 4 and table 5, the observed value of  $t$  is -2.2913 which falls in the rejection region as its value is greater than the table value of  $t$  1.895 at 5% confidence level for the degree of freedom 7. Hence the null hypothesis H1 rejected. This means, there is a significant association or impact of the implemented action plans to the level of engagement of employees. Even though the implemented action plans were only addressed the non-financial drivers of employee engagement it has made a significant improvement in the level of employee engagement.

#### Impact of the employee engagement on employee retention.

**H2:** There is no significant improvement in the level of employee retention due to increase in the level of employee engagement (H2).

From table 6 and table 7, the observed value of  $t$  is -2.1213 which falls in the rejection region as its value is greater than the table value of  $t$  1.895 at 5% confidence level for the degree of freedom 7. Hence the null hypothesis H1 rejected. This means, there is a significant association or impact of the improvement in level of engagement of employees on the level of retention of employees. The overall raise in the level of employee engagement has improved the retention level of the organization significantly.

### V. FIGURES AND TABLES

**Table 1 – Employees and sampledetails**

Item number	Department name	Total strength	Samplesize (33.33%)
1	Information Technology	72	24
2	Business Development	44	15
3	Terminal Operation Performance Services(TOPS)	98	33
4	Airside operation team	85	28
5	Landside operation team	80	27
6	Administration, HR, Accounts etc.	38	13
7	Procurement and Engineering (P&E)	105	35
8	Property development ,landscape, project management	32	10
	<b>Total</b>	<b>554</b>	<b>185</b>

Table 2 – Main drivers of Employees Engagement

Item number	Main drivers	Selected drivers ( Non-financial)
1	Communication	Communication
2	Rewards and Recognition	Rewards and Recognition
3	Manager/Supervisor relationship	Manager/Supervisor relationship
4	Teamwork	Teamwork
5	Role clarity	Role clarity
6	Work environment	Work environment
7	Career development	
8	Compensation and benefits	
9	Work Life Balance	

Table 3 –Main factors influencing Retention of Employees

Item number	Main influencing factors (by different studies)	Selected factors ( Based on the exit interview)
1	Work environment	Work environment
2	Supervisor/Manager support(relationship)	Supervisor/Manager support (relationship)
3	Organization Image	Organization Image
4	Employee- Organization value match	Employee value match
5	Remuneration and Compensation	Remuneration and Compensation
6	Career Development	Career Development
7	Rewards and Recognitions	Rewards and Recognitions
8	Job security	
9	Facilities apart from wages	
10	Flexibility in working time	
11	Decision taking power	
12	Place of work	
13	Future of the company	
14	Work content	
15	Personal factors	

Table 4 – Employee Engagement level evaluation

Item number	Department	Engagement level before ( $X_i$ )	Engagement level after ( $Y_i$ )	$D_i = (X_i - Y_i)$	$D_i^2$
1	Information Technology	65	68	-3	9
2	Business Development	72	71	+1	1
3	Terminal Operation Performance Services(TOPS)	68	69	-1	1
4	Airside operation team	59	63	-4	16
5	Landside operation team	63	62	+1	1
6	Administration, HR, Accounts etc.	67	69	-2	4
7	Procurement and Engineering (P&E)	68	69	-1	1
8	Property development ,landscape, project management	70	73	-3	9
				-12	42

$X_i$ =Engagement level before implementation of action plans,  
 $Y_i$ = Engagement level after implementation of action plans

Table 5 – t Test for H1

Mean of differences $\bar{D}$	Standard deviation of difference $\sigma_{diff}$	Observed value of t	Degree of freedom df	Level of confidence %	Table value of t At 5% and df =n-1	Remarks
$\bar{D} = \frac{\sum D_i}{n}$	$\sigma_{diff} = \sqrt{\frac{\sum D_i^2 - (\bar{D})^2 \cdot n}{n-1}}$	$t = \frac{\bar{D} - 0}{\sigma_{diff}/\sqrt{n}}$	n-1		Df=n-1 at 5%	H Reject/Accept
-1.5	1.8516	-2.2913	7	5%	-1.895	Observed value is greater than table value. Reject as the observed value is in reject region and H1 is rejected.

Table 6 – Retention level (Employee perceived score) evaluation

Item number	Department	Retention score before $X_i$	Retention score after $Y_i$	$D_i = (X_i - Y_i)$	$D_i^2$
1	Information Technology	77	76	+1	1
2	Business Development	81	84	-3	9
3	Terminal Operation Performance Services(TOPS)	82	85	-3	9
4	Airside operation team	80	79	+1	1
5	Landside operation team	76	79	-3	9
6	Administration, HR, Accounts etc.	81	83	-2	4
7	Procurement and Engineering (P&E)	82	85	-3	9
8	Property development ,landscape, project mgt	77	79	-2	4
				-12	46

$X_i$ =Retention level (Employee perceived score) before implementation of action plans

$Y_i$ = Retention level (Employee Perceived Score) after implementation of action plans

Table 7 – t Test for H2

Mean of differences $\bar{D}$	Standard deviation of difference $\sigma_{diff}$	Observed value of t	Degree of freedom df	Level of confidence %	Table value of t At 5% and df =n-1	Remarks
$\bar{D} = \frac{\sum D_i}{n}$	$\sigma_{diff} = \sqrt{\frac{\sum D_i^2 - (\bar{D})^2 \cdot n}{n-1}}$	$t = \frac{\bar{D} - 0}{\sigma_{diff}/\sqrt{n}}$	n-1		Df=n-1 at 5%	H Reject/Accept
-1.5	2.0000	-2.1213	7	5%	-1.895	Observed value is greater than table value. Reject H2 as the observed value is in reject region.

## VI. CONCLUSION

The present study was conducted when the airport was reeling under the high employee turnover. The study brought out how employee retention can be improved by improving engagement level of employees. There was statistical evidence in the study to confirm that the employee retention can be improved by addressing non-financial drivers of employee engagement like communication, recognition, manager/supervisor support (relationship), work engagement, team work and role clarity. Therefore it has given a very positive message that even without financial expenditure the employee engagement and hence retention can be improved. The result can be applied as a starting point for further studies or can be emulated in similar airports or organizations which really require a cost effective way of retention. Limitation of the study is that it has not gone in details to analyze the impact of each drivers separately, instead had a holistic approach. As such the future studies can be conducted in two directions: one to find the impact of non-financial drivers on the employee engagement and retention and the other to include financial drivers of employee engagement and have an elaborate study of the impact of engagement drivers on employee engagement and retention.

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