

The Impact of Employee Well-being on Employee Retention

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ABSTRACT: *This paper aims to examine the impact of employee well-being on employee retention. A total sample of 238 employees was taken from Syrian Private Financial Institutions located in Damascus. The research concluded that there is a significant positive impact of workplace well-being and psychological well-being on employee retention.*

KEYWORDS: *Employee well-being, Workplace well-being, Psychological well-being, and Employee retention*

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I. INTRODUCTION:

One of the most persistent topics of interest to humans involves the mysteries surrounding the pursuit of “happiness” or “well-being” (Russell, 1930). Although not identical constructs, these terms have typically been used interchangeably, with academics increasingly using the umbrella term “well-being” and the lay public remaining fascinated with the term “happiness”. Consistent with this fascination for the general topic of happiness (Ashkanasy, 2011), recent applied research has suggested that employee well-being is significantly related to a number of important work outcomes including job performance, employee retention, workplace accidents, sick days, absenteeism, customer engagement, quality defects, profitability, and health outcomes as cardiovascular health, obesity, and disease burden (Rath& Harter, 2010; Wright, Cropanzano, Bonett, & Diamond, 2009). As a consequence, employee well-being has emerged as a very important topic in positive-based management research.

This study aims to examine the impact of employee well-being (workplace well-being, and psychological well-being), on employee retention in Syrian Private Financial Institutions.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Employee Well-being

Well-being has been examined by numerous researchers across different disciplines and has multiple definitions, conceptualizations and measurements. An assessment of available literature identifies three categories: (a) psychological well-being (which examines employees’ levels of satisfaction with workplace processes and practices), (b) life well-being (employees’ health outcomes, for example, from stress and accidents) and (c) workplace well-being (the quantity and quality of workplace social networks, plus employees’ perceptions of fairness and equity) (Grant et al., 2007). Psychological well-being is defined as employees’ attitudes and feelings about the work context (Diener, 2000). It differs from job satisfaction because it encapsulates more than an employee’s satisfaction with the job and includes satisfaction with both tangible and intangible work context aspects.

Additionally, researchers have identified a link between well-being and job outcomes, such as job satisfaction (Judge and Watanabe, 1993; Wright and Cropanzano, 2000). This is of particular relevance because reason has shown that employees suffer from negative well-being because of the emotional nature of their daily work (e.g. Wright et al., 2006).

Employee Retention

Many reasons make people leave an organization, such as, job related stress, lack of job security and personal dissatisfaction. Furthermore, different career fields have different impact factors. Taylor’s research (2010) identified four categories of factors and organizations need to understand these factors more clearly, them being pull factors, push factors, unavoidable turnover and involuntary turnover. Contrarily, some researches established that retention is not an unsurprisingly occurring phenomenon in any organization. Therefore, it is difficult to identify the specific factors which determine the rate of employee retention, and rather helpful to explore factors that have a great effect on employee retention so as to keep or improve it.

According to Fink (2011), employers will face a new challenge in selecting the right people who can meet the organization's needs under competitive conditions. The most ideal employees need to be identified, skillfully placed in the right position and developed. Moreover, Fink proposed a new idea that organizations should focus on hiring employees who are dedicated to their work, who will work with passion and will also be motivated to help their employers succeed. To prove this point, Fink suggested that personality testing is needed because testing provides critical insights through offering basic recommendations on how employees can meet requirements of their motivation and therefore best contribute to the success of the organization. Once the top objectives for retention throughout the organization are identified, Fink thought that organizations should offer training and organizational development to improve employee retention. Fink's opinions are quite different from those of previous researchers, with his emphasis on personality testing as a solid foundation for employee retention.

Goldman (2009) had previously introduced a similar concept. It indicated that companies can identify which of their current employees might have the natural strength or potential for the leadership style needed in particular operations through personality testing. Leadership skills are the ultimate elements of the motivation process, whilst the combination of training and testing can play an important role in building organizational leadership towards greater productivity and quality. Goldman also thought that employee retention is not only in itself the real goal, but that it should be coupled with the concept of retaining the right kind of employees who possess the skills and knowledge that will help them grow into greater responsibilities, and therefore enlarge their respective contributions. As this research will later demonstrate will be seen, using personality testing can assist organizations in discovering unexpected leaders who may be capable of inspiring others to change and improve.

Cardy and Lengnick-Hall (2011) focused on the perspective of a customer-based model affecting employee retention in organizations. It is more about the employees' value to organizations, further than other external factors that influence their decision to stay or leave. They focused on factors are control able by the management and that may affect a worker's decision to stay or leave the organization. The customer-based approach to employee retention here focused on exploring why people voluntarily remain in a job? The model underlying this method is the employee equity model.

In conclusion, organizations pay attention to different aspects of in order to strive to improve employee retention. Another different point of view expressed by Holtom, Mitchell, Lee and Eberly (2008), indicated that turnover and retention are not simply two sides of the same construct. The factors that might lead employees to stay in an organization may also be different from the factors, which lead employees to leave an organization. After they reviewed the evolving literature, they found that more predictors such as the availability of job alternatives, finding new jobs and adjusting to new situations or dissatisfaction with an organization's commitment.

Well-being and employee retention

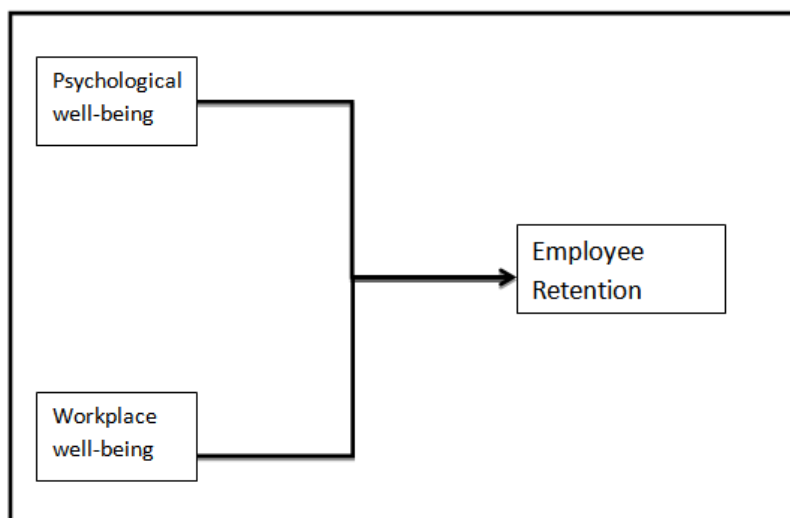
As with job performance, the importance of employee well-being in the prediction of employee retention has long been recognized in organizational research. Similar to the findings that whereas employee turnover or withdrawal can certainly be functional from the organization's perspective, as when dissatisfied, poorly performing workers quit their job, the prevailing human resources approach is that high employee retention (or low turnover) can be viewed as an indicant of organizational health. To that end, Wright and Bonett (1992) found a pattern of results consistent with the proposed relationship between well-being and employee retention/withdrawal decisions. Using a longitudinal design, Wright and Bonett (1992) found that employees low in both job satisfaction and well-being were much less likely to stay on the job. In addition, those lowest on job satisfaction and well-being were most likely to change not only their current job but also their occupation. In a later study, Wright and Bonett (2007) found that a 1-point increase in reported well-being (with well-being measured on a 7-point scale) doubled the probability of the employee remaining on the job. Given that the average yearly salary for their employee sample was in excess of \$100,000, and using a standardized formula for determining turnover cost, the potential cost of turnover in this sample was estimated to range from a minimum of \$150,000 to \$250,000 per employee. Recent research indicates that well-being may also be instrumental in the determination of cardiovascular health.

Hypothesis:

According to literature review presented above, we hypothesize that:

H1: Psychological Well-Being has a positive impact on employee retention.

H2: Workplace Well-Being has a positive impact on employee retention.



Source: Author

Figure 1: Research Model

Research Methodology:

Data Collection and Sample:

Data for this study was collected from both primary and secondary sources. Secondary data was collected through comprehensive literature review. The primary data was collected from a number of Syrian Private Financial Institutions located in Damascus. A total sample of 238 employees accepted to answer. Questionnaire related to the study variables which asked as the main tool of this study.

Measures

The questionnaire includes three sections: Basic demographic information, Well-being scale (Workplace well-being, Psychological well-being), and Employee retention. A 5-Point Likert scale format was used, and the scores on the scale from 1: Strongly Disagree to 5: Strongly Agree.

4.1. Well-being scale: measured using 12 items, which is taken from study (Zheng et al., 2015). The scale reported reliability 0.856

4.2. Employee retention scale: measured using 11 items that is taken from study (Kyndt et al., 2009). The scale reported reliability 0.864

Finding

This study examines the impact of employee well-being on employee retention.

Table (1) shows the results of regression analysis regarding the impact of employee well-being on the dependent variable (employee retention). As presented in this table, model is significant at the 5% level (R² is 0.180). Coefficient of workplace well-being and psychological well-being is significant and positive for employee retention (P<0.05). Thus H1 and H2 are accepted. This finding indicates that when employees have a high level of well-being (workplace well-being and psychological well-being). They will be more likely to retain them.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.425 ^a	.180	.174	.52122

a. Predictors: (Constant), workplace well-being, psychological well-being

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.507	.398		3.787	.000
	Workplace well-being	.714	.111	.500	6.451	.000
	Psychological well-being	.210	.120	.135	3.748	.000

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a. Dependent Variable: employee retention

III. CONCLUSION:

This article aims to study the relationship between employee well-being and employee retention in Syrian Private Financial Institutions located in Damascus. This study shows that workplace well-being and psychological well-being are significant and they have a positive impact on employee retention.

Once people are happy, are more likely to become open-minded and innovative in their ideas; which people who are unhappy, worried or dissatisfied lean towards ‘narrow-mindedness’ and rigid thinking” (Donovan et al., 2002).

Employee well-being, therefore, remains a hot topic in management studies. However, the perception of work has been continuously changing nowadays, as employees of younger generations may be keen to seek a career that enriches their life rather than just a job that is their basic livelihood (Akkermans and Tim, 2017; Chin, Liu and Yang, 2016; Chin, Tsai, Zhu, Yang, Liu and Tsuei, 2016). Facing harsh employment challenges and a more complex labor market in a global landscape, it is vital to identify the critical contextual factors that are meaningful to the workforce of a specific region. Our research, as an exciting initial step, responds to this strategic quest by providing feasible suggestions for the organization to shape working behavior and devise their career development plans.

Suggestions for Future Research:

This study shows that there is direct relationship between Employee well-being (workplace well-being and psychological well-being) and employee retention without examining the effects of environmental factors on this relationship; therefore, we suggest that researchers examine how environmental variables can influence employee well-being in relation to employee retention.

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