

ROLE OF MOTIVATIONAL FACTORS ON EMPLOYEE RETENTION IN SERVICE SECTORS: A STUDY WITH SPECIAL REFERENCE TO CHENNAI CITY



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ABSTRACT

Aim: The paper aims to measure the role of motivational factors on employee retention practices in service sectors in Chennai city.

Data Sources: Primary and Secondary data used for the study. The Primary data sourced from the employees working in service sectors. The employees are contacted in electronic mode and obtained the responses from employees.

Sample size & Method: The sample for this study consisted of 600 employees drawn based on a simple random sampling method from the service sector. Out of 600 samples, 39 samples were rejected due to inadequate information provided by the employees. Finally, 561 samples were used for analysis.

Findings: The study originated that the employees are satisfied with the motivational factors, i.e., compensation and Rewards, Pleasant Work Environment, Leadership styles, Training and Development, and Fringe benefits, offered by the service sectors in Chennai city. In addition, the paper also identified a significant association between motivational factors and employee retention practices in the service sectors. Furthermore, the study concluded that there is no significant difference among the employee's working sectors concerning the average score of motivational factors offered by the service sectors in the study region. The study created a significant association between motivational factors and the personal profile of employees working in the service sector in Chennai city. The study also initiates that there is a significant impact of motivational factors on employee retention in service sectors in the study region.

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Keywords: Employee Retention, Compensation, Leadership And Supervision, Engagement, Work Environment



1. INTRODUCTION

The service segment plays a considerable role in the economic development of our nation [Nawaz et al. \(2020\)](#). India's services sector covers various activities namely trade, transport, storage and communication, hotel and restaurants, financing, insurance, real estate, business services, community, social and personal services, and services associated with construction. The enhanced of the Services Sector in India is an exclusive example of leap-fogging conventional models of economic growth. Within a short duration of 50 years since independence, India's contribution to the country's GDP is the lion's share of over 60%. Nevertheless, it unmoving utilizes only 25% of the labor force. Consequently, agriculture and manufacturing continue to sustain most of employed populace. The service organizations are focusing on implementing effective employee retention strategies.

Employee retention is the competence of the organizations to preserve its employees. A simple statistic can represent employee retention. Nevertheless, many consider employee retention is connecting to the efforts by which employers attempt to retain employees in their employees [G. Vijayakumar and Shanthini \(2020\)](#). Employee retention is the competence of the firm to preserve its employees. An easy statistic can indicate employee retention. Nevertheless, many believe employee retention connects to the efforts by employers attempt to keep employees [Kumar and Kaushik \(2013\)](#). The employee's efficiency is honestly attached to the outcome and performance of individual business units. In both sectors, the management gives due weightage to the employee contribution, which brings good organization level [N. Vijayakumar and Tharanya \(2020\)](#). In the globalized era, engaging business has become an extremely competitive game. It is true not only for the product industry but also for the service industries [G. Vijayakumar \(2020\)](#). Employee Retention is an ongoing effort. It is one of the major responsibilities of the management to enable the employees to enhance their skill levels, understand their diversified thought processes, and motivate them [Vijayakumar \(2016\)](#). Therefore, the present study focuses on measuring the role of motivational factors on employee retention practices in service sectors in Chennai city.

2. LITERATURE REVIEW

The employee retention function is not guaranteed still when distinguished employee satisfaction is executed [Paulsen and Kaddoura \(2020\)](#), [Hee and Rhung \(2019\)](#) Exhibits the intrinsic and extrinsic motivational determinants that stimulate employees and the systems to maintain capabilities in the organization. [Sawaneh and Kamara \(2019\)](#) every organization should prioritize essential actions to seal employee vacancies and build up vigorous employee retention policies to avoid additional employees from leaving [Sabbagha et al. \(2018\)](#). [Fahim \(2018\)](#) grounds that the work of best HRM rehearses are regarded as a surprising essential. [Subhash and Kundu \(2017\)](#) steady workplace presumes a necessary job in anticipating worker

maintenance. [Valaei and Rezaei \(2016\)](#) doctors have clear inclinations concerning to work environment inspiration. [Imna et al. \(2015\)](#) discovered that three human asset practices. [Nagabhaskar \(2014\)](#) pressing in affecting worker maintenance are monetary prizes, work qualities the executives, and work-life balance. [Vijayakumar \(2016\)](#) originated that there is a positive and noteworthy relationship between's Motivational variables and Employee Retention.

3. FACTORS OF EMPLOYEE MOTIVATION

3.1 COMPENSATION AND REWARD

[Kahn \(1990\)](#) sees that worker's degree of job is an element of their impression of the advantages. When representatives are inspired, option to satisfy the clients' needs and together accomplish the organization's objectives (**Bowen, 2000**). Reward is the most significant motivational attributes that contribute to retaining employees in the organization (**Michael, S. 2008**)

Compensation is an essential characteristic of employee engagement that stimulates an employee to attain more work and individual development. It engages both financial and non-financial rewards. **Petcharak (2002)** stated that populace is motivated by extending wealth because of several different reasons; the need to provide the necessities of life encourages most people. **Michael S. (2008)**, competitive pay package is the most significant motivational variable contributing to retaining employees in the organization.

3.2 TRAINING & DEVELOPMENT

[Nguyen and Duong \(2020\)](#) explains empirical evidence by demonstrating that training and development, job satisfaction, and job performance directly affect young employee retention in Vietnam organizations. The study also indicates that job satisfaction, job satisfaction, and job performance in Vietnam organizations help to convey the effect of young employee retention. Management should begin to create an environment where critical information has been generously communicated. Therefore, this will retain the employees and have a positive impact on organizational productivity [Singh \(2008\)](#). The training process plays an essential role in the process of motivation. It supports the employees from deteriorating due to a need of updated knowledge and mapping the skill level.

3.3 WORKING ENVIRONMENT

The working environment is low-graded due to need of all the basic facilities [Singh \(2008\)](#). Besides, a lousy supervisor creates a hostile working ecosystem, thereby prompting highly qualified and talented employees to leave the job. There is no use in planning motivation for high performance [Bowey \(2005\)](#). Managers should also clutch a healthy working environment. [Pessaran and Tavakoli \(2011\)](#) revealed that a

pleasant working environment is most eminent for employee retention.

4. OBJECTIVES OF THE STUDY

- To assess the role of motivational factors on Retention Practices in service sectors in Chennai city

5. STATEMENT OF HYPOTHESIS

1. The Employees are not satisfied with the motivational factors offered by the service sectors in Chennai city
2. There is no significant difference among the employees working sectors concerning the average score of motivational factors offered by the service sectors in the study region
3. There is no correlation between Motivational Factors and Employee Retention practices in the service sector in Chennai city
4. There is no association between the level of mutational factors and the personal profile of employees working in the service sector in Chennai city

6. METHODOLOGY

The current study's core objective is to assess the role of motivational factors on employee retention practices among the employees working service sectors in Chennai city. The study used both secondary and primary data—the research conducted in Chennai city. The primary data is gathered from the employees working service sectors, i.e., banking, Insurance, and IT & ITES. In each industry, 200 questionnaires were distributed; overall, 600 questionnaires were distributed. Out of 600 samples, 39 samples were rejected due to inadequate information provided by the employees. Finally, 561 samples were used for analysis. The employees were contacted through the electronic mode and generate responses. The instrument first tested by conducting a pilot study. The value of Cronbach's alpha is 0.862; hence, the same questionnaire was employed for the final research, keeping in view the instrument's high score of reliability and validity. The primary sources from target respondents were analyzed using descriptive, One-sample t-test, Pearson correlation, chi-square test, and analysis of variance. The data were scrutinized using SPSS 21.0 version.

7. RESULTS AND DISCUSSION

Table 1 Demographic Profile of Respondents (n=561)

Demographic Profile	Frequency	Percent
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Table 1 continued

Gender		
Male	329	58.6
Female	232	41.4
Age (Years)		
Up to 30	170	30.3
31-40	162	28.9
41-50	131	23.4
Above 50	98	17.5
Educational qualification		
UG	210	37.4
PG	195	34.8
Professional	156	27.8
Marital status		
Single	197	35.1
Married	364	64.9
Experience (in years)		
< 3	147	26.2
3.1 - 6.0	204	36.4
6.1 - 9.0	150	26.7
> 9	60	10.7
Working Sector		
Banking	184	32.8
Insurance	197	35.1
IT & ITES	180	32.1

Source: Primary data

Table 1 reveals the personal profile of employees working in service sectors in Chennai city. Out of 561 employees' majorities, 58.6% of the employees are male category, and 41.4% of the employees are female groups. In the connection age group of employees, majority 30.3% of the employees are up to 30 years, followed by 28.9% of the employees are in the age group of 31-40 years, 23.4% of the employees are in the age group of 41-50 years, and 17.5% of the employees are in the age group of above 50 years. Regarding Educational qualification, the majority 37.4% of the employee's educational background is under-graduates, followed by 34.8% of the employee's educational qualification background is post-graduates, and 27.8% of the employee's educational experience is professional courses. The study results also indicate that most 64.9% of the employees are married, and 35.1% of the employees are single category. Regarding the work experience, the majority, 36.4%, has 3.1- 6.0 years. The study also exhibits that the majority, 35.1% of the employees, are from the insurance sector, followed by 32.8% of the employees from banking and 32.1% of the IT & ITES sector employees.

Null Hypothesis-1

The Employees are not satisfied with the motivational factors offered by the service sectors in Chennai city

Table 2 One-sample t-test for the satisfaction level of Motivational factors offered by the service sectors

Banking	Compensatio & Rewards	Pleasant Work Envi- ronment	Leadership styles	Training & Development	Fringe Benefits
N	184	184	184	184	184
Mea	3.45	3.78	3.99	3.96	3.93
SD	.595	.709	.711	.736	.760
t	21.667	24.416	28.408	26.886	25.618
p	<0.001**	<0.001**	<0.001**	<0.001**	<0.001**
Insuran	Compensatio & Rewards	Pleasant Work Envi- ronment	Leadership styles	Training & Development	Fringe Benefits
N	197	197	197	197	197
Mea	3.37	3.70	3.84	3.78	3.83
SD	.631	.766	.780	.822	.802
t	19.399	21.960	24.062	21.894	23.240
p	<0.001**	<0.001**	<0.001**	<0.001**	<0.001**
IT & ITES	Compensatio & Rewards	Pleasant Work Envi- ronment	Leadership styles	Training & Development	Fringe Benefits
N	180	180	180	180	180
Mea	3.41	3.73	3.83	3.88	3.94
SD	.633	.771	.793	.784	.765
t	19.198	21.335	22.489	23.541	25.317
p	<0.001**	<0.001**	<0.001**	<0.001**	<0.001**

Source: Primary data

Note: **denotes significant at 1% level

Table 2 describes the results of a One-sample t-test for the satisfaction of Motivational factors offered by the service sectors in the study area. In the banking, insurance, and IT & ITES sector, the mean values of fundamental elements are >3, which indicates the employees positively agreed on the motivational factors. Since the p-values of entire motivational factors are <0.01. Therefore, the H_0 was rejected, and the study concluded that the employees are satisfied with the motivational factors offered by the service sectors in the study region.

Null Hypothesis-2

There is no significant difference among the employees working sectors concerning the average score of motivational factors offered by the service sectors in the study region

Table 3 ANOVA test for employees working sectors concerning the average score of motivational factors offered by the service sectors

Sectors	N	Mean	SD	F	p
Banking	184	3.82	.550	1.923	

Continued on next page

Table 3 continued

Insurance	197	3.70	.606	0.147
IT & ITES	180	3.75	.612	

Table 3 reveals the results of the ANOVA test for employees working sectors concerning the average score of motivational factors offered by the service sectors. The F & p for employees working sectors concerning the average score of motivational factors provided by the service sectors is 1.923 & 0.147. The p-value is >0.05. Therefore, the null hypothesis was accepted at a 5% level. Hence the study confirmed that there is no significant difference among the employee's working sectors concerning the average score of motivational factors offered by the service sectors in the study region. The study also originated that the employees working in the banking sector (3.82) were significantly satisfied with the motivational factors. It followed by IT & ITES (3.75), and Insurance (3.70)

Null Hypothesis: 3

There is no correlation between Motivational Factors and Employee Retention practices in the service sector in Chennai city

Table 4 Karl Pearson Correlation test for Motivational Factors and Employee Retention (n=561)

		CR	PWE	LS	TD	FB	RS
CR	Pearson Correlation	1	.567**	.470**	.363**	.400**	.475**
PWE	Pearson Correlation	.567**	1	.573**	.595**	.563**	.474**
LS	Pearson Correlation	.470**	.573**	1	.646**	.602**	.615**
TD	Pearson Correlation	.363**	.595**	.646**	1	.653**	.531**
FB	Pearson Correlation	.400**	.563**	.602**	.653**	1	.511**
RS	Pearson Correlation	.475**	.474**	.615**	.531**	.511**	1

CR= Compensation & Rewards; PWE= Pleasant Work Environment; LS= Leadership styles; TD= Training & Development; FB= Fringe Benefits; and SR= Employee Retention Strategies

Table 4 emphasizes Karl Pearson's test for association between motivational factors and retention strategies among the employees in service sectors in Chennai city. Since the p-value of whole factors is <0.01, it is statistically significant at a 1% level. Therefore, the framed null hypothesis was rejected and confirmed a significant association between motivational factors of employees and retention strategies among the employees working in service sectors in Chennai city.

Level of Motivational Factors among the Employees working in Service sectors in Chennai city

Table 5 Level of Motivational Factors among the Employees working in Service sectors

Working Sector	Level of Motivational factors offered by Service sectors			Total
	Low	Medium	High	

Continued on next page

Table 5 continued

Banking	39	94	51	184
	21.2%	51.1%	27.7%	100.0%
	28.3%	33.8%	35.2%	32.8%
Insurance	59	90	48	197
	29.9%	45.7%	24.4%	100.0%
	42.8%	32.4%	33.1%	35.1%
IT & ITES	40	94	46	180
	22.2%	52.2%	25.6%	100.0%
	29.0%	33.8%	31.7%	32.1%
Total	138	278	145	561
	24.6%	49.6%	25.8%	100.0%
	100.0%	100.0%	100.0%	100.0%

Table 5 describes the results of Level of Motivational Factors among the Employees working in Service sectors in Chennai city. In the banking sector, 51.1% of the employees have medium-level satisfaction with motivational factors. 27.7% of employees have the high-level pleasure of motivational factors, and 21.2% of the employees have low-level motivational factors. In the Insurance sector, the majority, 45.7% of the employees, have medium level satisfaction with motivational factors. It followed by 29.9% of employees have low-level satisfaction of motivational factors, and 24.4% of the employees have high-level satisfaction of motivational factors. In the IT and ITES sectors, the majority, 33.8% of the employees, have medium-level satisfaction with motivational factors. It followed by 25.6% of employees have high-level satisfaction of motivational factors, and 22.2% of the employees have low-level satisfaction of motivational factors.

Null Hypothesis-4

There is no association between the level of motivational factors and the personal profile of employees working in the service sector in Chennai city

Table 6 Chi-square test for association between level of motivational factors and demographic profile of employees working in the service sector

	Chi-square value	df	p
Gender and Level of Motivational factors	10.199	2	0.006**
Age and Level of Motivational factors	26.036	6	<0.001**
Educational Qualification and Level of Motivational factors	11.321	4	0.023*
Marital status and Level of Motivational factors	17.268	2	<0.001**
Experience and Level of Motivational factors	20.983	6	0.002

Table 6 reveals the Chi-square test results for the association between the level of motivational factors and demographic profile of employees working in the service sector in the study region. Since the p-value of fundamental aspects of motivational factors and demographic profile of employees are <0.05. The framed null hypothesis was rejected and concluded that there is a significant association between motiva-

tional factors and the personal profile of employees working in the service sector in Chennai city.

8. CONCLUSION

The present research is proposed to measure the Role of Motivational Factors on Employee Retention in Service Sectors in Chennai city. The study originated that the employees are satisfied with the motivational factors, namely Compensation and Rewards, Pleasant Work Environment, Leadership styles, Training and Development, and Fringe benefits, offered by the service sectors in Chennai city. The current paper also identified a significant association between motivational factors and employee retention practices in the service sectors. In addition, the study concluded that there is no significant difference among the employee's working sectors concerning the average score of motivational factors offered by the service sectors in the study region. The study also originated that the employees working in the banking sectors (3.82) were significantly satisfied with the motivational factors. It followed by IT & ITES (3.75) and Insurance (3.70). Furthermore, the study created a significant association between motivational factors and the personal profile of employees working in the service sector in Chennai city. The study also initiates that there is a significant impact of motivational factors on employee retention in service sectors in the study region.

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