

# Impact Of Job Characteristics And Perceived Organizational Support On Employee Retention

R. D. RAJA<sup>1</sup>, Dr. P. CHINNADURAI<sup>2</sup>

<sup>1</sup>Ph. D Research Scholar-Part Time [External]

Department of Business Administration

Annamalai University.

<sup>2</sup>Associate Professor

Department of Business Administration

Annamalai University.

## ABSTRACT

This research on SMEs has made an attempt to identify the impact of job characteristics and perceived organizational support on employee retention. The data has been collected from 50 samples and respondents are from employees of SMEs in Pondicherry. The research found that there is direct influence of job characteristics and perceived organizational support on job employee retention and job performance. The research also identified that there is indirect influence of job characteristics and perceived organizational support on job performance. Finally, the research discovered that there is direct effect of employee retention on job performance. In order to retain the employees for a longer period, the SMEs should give more attention on healthy working conditions, appropriate leadership styles, fair compensation policy, job security, work life balance, employees' welfare programs, and training programs.

**KEYWORDS:** Job Characteristics, Perceived Organizational Support, Job Employee Retention and Job Performance.

## INTRODUCTION

Employee Retention is the process of retaining the most important people working in an organization. This process is done to create a comfortable working environment in any organization so that there would be genuine interest in the minds of employee to remain in the same workspace.

Several employee retention strategies focus to do things that qualify the job satisfaction of the employees and so come down on the costs that involve in hiring and training new individuals for the vacant position.

The ability or process of retaining the best employees in a company or organization to avoid a major turnover is called Employee Retention. The department of human resources in any organization should concentrate on Employee Retention as it plays a major role in companies. This ability can be obtained by implementing numerous employee retention programs. An employee retention program includes various strategies that help in identifying the best employees and work on influencing those workers to stay. Simple metrics like retention ratio and turnover are used to determine the progress of these programs. Job characteristics and perceived organizational support increase employee retention and induce their job performance. Hence, the research tries to identify the impact of job characteristics and perceived organizational support on employee retention.

## **REVIEW OF LITERATURE**

Raneem Bohassan and Fawad Asif Muhammad (2021) found that the relationship between the perceived organizational support and employee retention was not significant. The research also stated the employees even after receiving organization support are not willing to stay in for a long-term in the educational organization.

Yejee Jeong and Moonjoo Kim (2021) discovered that there is direct influence of perceived organizational politics with differential treatment and perceived organizational support on organizational performance with mediating effect of differential treatment.

Chan Kailin (2019) identified that there is a positive relationship between perceived organizational support and employee retention.

Nalini and Khyser (2019) found that employee engagement leads to enlarged employee performance, retention rate, productivity, and profitability.

Caroline Minoo Matilu & Professor Peter K'Obonyo (2018) found that there is relationship between job characteristics and employee performance.

Kultigin Akcin, et al. (2017) discovered that there is a positive relationship between perceived organizational support and pro-social silence and task performance.

Renu Bala (2017) revealed that employee retention (employee training, employee participation, job security, employee motivation, work environment, and employee-employers relationship) have positive effect on employee performance.

Eddy Madiono Sutanto and Milly Kurniawan (2016) found that the recruitment, labor relations and retention found a significant effect on employee performance. On the other side, the employee retention and recruitment found a significant effect on employee performance.

Hamid Julaei and Omid Mahdiye (2015) identified that job characteristics have positive and significant effect on job performance. The result shows that all aspects of job characteristics such as variety of skill, task significance, task identity, feedback, and task autonomy have positive and significant effect on job performance.

Maureen M. Gicho (2015) found that there is influence of employee retention strategies on employee performance. The research also identified the organization rewarded employees for good performance.

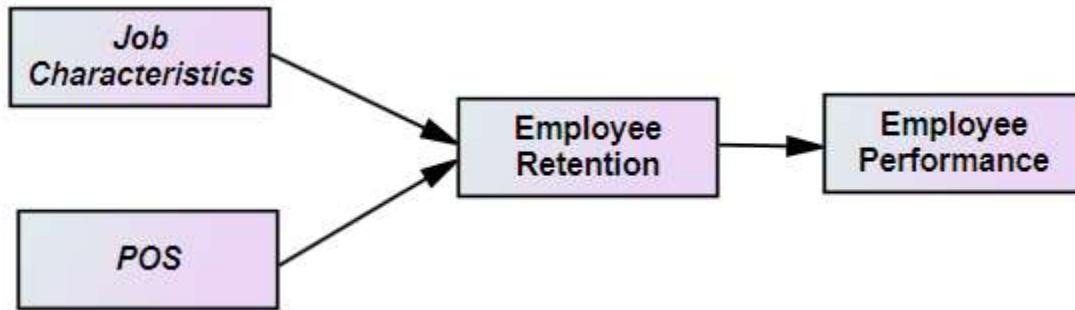
Sehresh Iqbal and Maryam Saeed Hashmi (2015) found that there is influence of perceived organizational support on employee retention with mediating effect of psychological empowerment.

Iqbal and Hashmi (2015) and Eisenberger, et al. (1986) have found the employee retention was influenced by perceived organizational support.

Tettey (2006) discovered that there is influence of perceived organizational support on employee retention with mediating effect of psychological empowerment.

Sarminah Samad (2006) found that job characteristic and job satisfaction factors were significantly and negatively correlated with turnover intention. The research also identified that job characteristics, demographic variables and job satisfaction had a significant negative effect on turnover intentions.

## **FRAMEWORK**



**Figure 1: Conceptual framework**

### **RESEARCH GAP**

There has been a lot of research done on the job characteristics, perceived organizational support and employee retention worldwide. Very few researches have been done in the Indian context. Similarly, the job characteristics, perceived organizational support and employee retention have not been addressed in SMEs. Based on the reviews, below are proposed hypotheses.

**H1:** Job characteristics have significantly influences employee retention among SMEs employees.

**H2:** POS has significantly influences employee retention among SMEs employees.

**H3:** POS has significantly influences employee performance in SMEs.

**H4:** Job characteristics have significantly influences employee performance in SMEs.

**H5:** Employee retention has significantly influences employee performance in SMEs.

### **NEED FOR THE STUDY**

The findings of this study will help SMEs authorities and policy makers. This study will help identify the impact of job characteristics and perceived organizational support on employee retention. Findings from this study can help SMEs authorities design job characteristics, perceived organizational support and employee retention, increase their performance.

### **OBJECTIVES**

- To discover the influence of job characteristics and perceived organizational support on employee retention in SMEs.
- To find out the influence of employee retention strategies on employee performance in SMEs.

### RESEARCH DESIGN

In order to explore the impact of job characteristics and perceived organizational support on employee retention a descriptive research design is employed by the researcher. Data is collected employees' from SMEs in Pondicherry through a structured and standard questionnaire. This descriptive research design is employed to explore the relationship between job characteristics, perceived organizational support, employee retention and employee performance.

### QUESTIONNAIRE DESIGN

Data is collected from SMEs employees in Pondicherry through a well-designed questionnaire. The questionnaire construction for this study is divided into four parts. The first part of the questionnaire is arranged in such a way to know the demographics profile of the SMEs employees', the second part is job characteristics and perceived organizational performance, the third part is employee retention and the fourth part is employee performance. Except first part, all the four sections are constructed with multiple choice questions. The first part is set up as a category and the other three as a measuring scaling technique.

**Table 1: Questionnaire Construction**

| S.No. | Variable             | Items | Author                             |
|-------|----------------------|-------|------------------------------------|
| I     | Demographic Profile  | 10    | ---                                |
| II    | Job Characteristics  | 9     | Hackman, et al. (1975)             |
|       | POS                  | 5     | Eisenberger, et al. (1986)         |
| III   | Employee Retention   | 12    | Self Design                        |
| IV    | Employee Performance | 5     | Halim Kazan and Sefer Gumus (2013) |

### RELIABILITY

Pilot study was done to confirm that the results of this study questionnaire are reliable. The questionnaires are verified by involving 50 SMEs employees in Pondicherry. Based on the SMEs employees' opinion, some changes are made in the questionnaire as suggested by the SMEs employees. Cronbach's alpha tool is employed to test the reliability of the research variables. All the variables of this questionnaire are above 0.70 which shows that it is reliable. This means that the set of questionnaire has a high reliability value. Based on this result, it is statistically recommended that the questionnaire set can be implemented for final data collection of the research.

**Table 2: Reliability of the research**

| S.No. | Variable             | Items | Cronbach's Alpha |
|-------|----------------------|-------|------------------|
| I     | Job Characteristics  | 9     | <b>0.87</b>      |
| II    | POS                  | 5     | 0.91             |
| III   | Employee Retention   | 12    | <b>0.78</b>      |
| IV    | Employee Performance | 5     | <b>0.90</b>      |

#### **SAMPLING TECHNIQUE**

In this study, convenience sampling technique has been applied to collect the primary data from employees of SMEs in Pondicherry. In this way 50 SMEs employees are approached to collect the primary data in Pondicherry.

#### **STATISTICAL TOOLS**

Path analysis is used to estimate model by probing the relationship between job characteristics, perceived organizational support and employee retention. The researcher has employed the path analysis for impact of job characteristics and perceived organizational support on employee retention.

#### **RESULTS AND DISCUSSION**

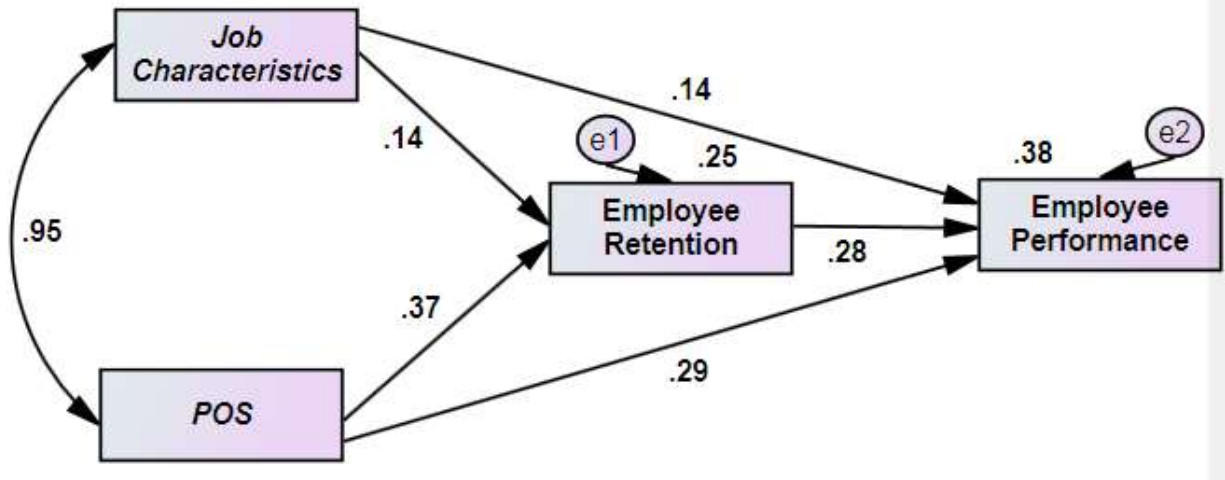


Figure 2: Impact of job characteristics and perceived organizational support on employee retention

Table 3: Model Fit Indication

| S.No. | Model Fit Indicators | Calculated Values in the Analysis | Recommended Values (Premapriya, et al. 2016) |
|-------|----------------------|-----------------------------------|----------------------------------------------|
| 1     | Chi-Square           | 1.301                             | ---                                          |
| 2     | p                    | 0.512                             | > 0.050                                      |
| 3     | GFI                  | 0.999                             | > 0.90                                       |
| 4     | AGFI                 | 0.957                             |                                              |
| 5     | CFI                  | 0.999                             |                                              |
| 6     | NFI                  | 0.999                             |                                              |
| 7     | RMR                  | 0.007                             | < 0.080                                      |
| 8     | RMSEA                | 0.001                             |                                              |

Source: Primary data

The table 3 presents the mode summary of impact of job characteristics and perceived organizational support on employee retention. The path model presented, along with mode summary to verify the model fitness. The Chi-square statistic is 1.301 with  $p > 0.05$ . The table illustrates the model fit statistics such as RMSEA, RMR, NFI, CFI, AGFI and GFI. RMR and RMSEA are within than the recommended limit i.e., RMR and RMSEA is less than 0.08 (Indra, Balaji and Velaudham, 2020; Velaudham and Baskar, 2016). NFI, CFI, AGFI and GFI are within than the recommended limit i.e., NFI, CFI, AGFI and GFI is greater than 0.90 (Kantiah Alias Deepak and Velaudham, 2019; Velaudham and Baskar,

2015). All the model fit statistics imply a better model fit (Premapriya, et al. 2016; Victor and Velaudham, 2020).

**Table 4: Regression Weights**

| DV                   |      | IV                  | Estimate | S.E.  | C.R.  | Beta  | p     |
|----------------------|------|---------------------|----------|-------|-------|-------|-------|
| Employee Retention   | <--- | Job Characteristics | 0.889    | 0.975 | 2.911 | 0.140 | 0.016 |
| Employee Retention   | <--- | POS                 | 0.351    | 0.975 | 4.410 | 0.370 | 0.001 |
| Employee Performance | <--- | Employee Retention  | 0.154    | 0.028 | 5.399 | 0.277 | 0.001 |
| Employee Performance | <--- | Job Characteristics | 0.485    | 0.495 | 2.979 | 0.138 | 0.038 |
| Employee Performance | <--- | POS                 | 0.035    | 0.499 | 4.074 | 0.294 | 0.001 |

Source: primary data

**H<sub>1</sub>:** Job characteristics significantly influence employee retention.

The hypothesis was tested in path model. The finding of the analysis demonstrated that the C.R. value is 2.911;  $\beta$  value is 0.140 and p value is significant. The value of  $\beta$  is 0.140 that job characteristics explains 14 percent of the employee retention. Therefore, the hypothesis is accepted. Hence, the result demonstrated that the job characteristics significantly influence employee retention.

**H<sub>2</sub>:** Perceived organizational performance significantly influences employee retention.

The hypothesis was tested in path model. The finding of the analysis demonstrated that the C.R. value is 4.410;  $\beta$  value is 0.370 and p value is significant. The value of  $\beta$  is 0.370 that perceived organizational performance explains 37 percent of the employee retention. Therefore, the hypothesis is accepted. Hence, the result demonstrated that the perceived organizational performance significantly influences employee retention. Chan Kailin (2019) identified that there is a positive relationship between perceived organizational support and employee retention.

**H<sub>3</sub>:** Job characteristics significantly influence employee performance.

The hypothesis was tested in path model. The finding of the analysis demonstrated that the C.R. value is 2.979;  $\beta$  value is 0.138 and p value is significant. The value of  $\beta$  is 0.138 that job characteristics explains 13.8 percent of the employee performance. Therefore, the hypothesis is accepted. Hence, the result demonstrated that the job characteristics significantly influence employee

performance. Caroline Minoo Matilu & Professor Peter K'Obonyo (2018) found that there is relationship between job characteristics and employee performance.

**H<sub>4</sub>:** Perceived organizational performance significantly influences employee performance.

The hypothesis was tested in path model. The finding of the analysis demonstrated that the C.R. value is 4.074;  $\beta$  value is 0.294 and p value is significant. The value of  $\beta$  is 0.294 that perceived organizational performance explains 29.4 percent of the employee performance. Therefore, the hypothesis is accepted. Hence, the result demonstrated that the perceived organizational performance significantly influences employee performance. Kultigin Akcin, et al. (2017) discovered that there is a positive relationship between perceived organizational support and pro-social silence and task performance.

**H<sub>5</sub>:** Employee retention significantly influences employee performance.

The hypothesis was tested in path model. The finding of the analysis demonstrated that the C.R. value is 4.074;  $\beta$  value is 0.294 and p value is significant. The value of  $\beta$  is 0.294 that employee retention explains 29.4 percent of the employee performance. Therefore, the hypothesis is accepted. Hence, the result demonstrated that the employee retention significantly influences employee performance. Renu Bala (2017) revealed that employee retention (employee training, employee participation, job security, employee motivation, work environment, and employee-employers relationship) have positive effect on employee performance.

## **FINDINGS**

The analysis discovered that there is direct influence of job characteristics and perceived organizational support on job employee retention and job performance. Chan Kailin (2019) identified that there is a positive relationship between perceived organizational support and employee retention. Caroline Minoo Matilu & Professor Peter K'Obonyo (2018) found that there is relationship between job characteristics and employee performance. The research also identified that there is indirect influence of job

characteristics and perceived organizational support on job performance. Finally, the research discovered that there is direct effect of employee retention on job performance. Renu Bala (2017) revealed that employee retention (employee training, employee participation, job security, employee motivation, work environment, and employee-employers relationship) have positive effect on employee performance.

### **RECOMMENDATIONS**

Retention strategies should be improved to achieve their goals effectively and efficiently. In SMEs, employees feel that their work is not valued by the organization because the compensation package is not at par with other industry. It is suggested that the SMEs should review the employee compensation. The latest and advanced technology will increase the efficiency and creativity of the employees and ultimately it create a healthy working environment. An ease and healthy working environment will help the SMEs to retain employees for a longer period of time. In order to retain the employees for a longer period, the SMEs should give more attention on healthy working conditions, appropriate leadership styles, fair compensation policy, job security, work life balance, employees' welfare programs, and training programs.

### **CONCLUSION**

Employee retention refers to how a company retains their employees or the ability of that organization to retain. Every company globally and locally strives to retain the right employees to face the competition. This research on employee retention strategy is highly imperative at this juncture of development. This research on SMEs has made an attempt to identify the impact of job characteristics and perceived organizational support on employee retention. The data has been collected from 50 samples and respondents are from employees of SMEs in Pondicherry. Hence, it is concluded that there is direct influence of job characteristics and perceived organizational support on job employee retention and job performance. The research also identified that there is indirect influence of job characteristics and perceived organizational support on job

performance. Finally, the research discovered that there is direct effect of employee retention on job performance. In order to retain the employees for a longer period, the SMEs should give more attention on healthy working conditions, appropriate leadership styles, fair compensation policy, job security, work life balance, employees' welfare programs, and training programs.

## REFERENCE

- Caroline Minoo Matilu & Professor Peter K'Obonyo (2018). The Relationship between Job Characteristics and Employee Performance: A Review. *International Journal of Business & Law Research*, 6(3), 44-59.
- Chan Kailin (2019). The Impact of Perceived Organisational Support on Employee Retention and Successful Organisation Management. Department of Accountancy Faculty of Accountancy and Management, 1-113.
- Eddy Madiono Sutanto and Milly Kurniawan (2016). The Impact of Recruitment, Employee Retention and Labor Relations to Employee Performance on Batik Industry in Solo City, Indonesia. *International Journal of Business and Society*, 17 (2), 375-390.
- Eisenberger, R., Huntington, R., Hutchison, S., & Sowa, D. (1986). Perceived organizational support. *Journal of Applied psychology*, 71(3), 500.
- Hackman, Richard; Oldham, Greg R. (1975). Development of the job diagnostic survey. *Journal of Applied Psychology*, 60(2); 159- 170.
- Halim Kazan and Sefer Gumus (2013). Measurement of Employees' Performance: A State Bank Application. *International Review of Management and Business Research*, 2 (2), 429-441.
- Hamid Julaei and Omid Mahdiye (2015). Exploring the Relationship between Job Characteristic and Employees Job Performance (Case Study: Central Office of State Superior Calculation Bureau). *J. Appl. Environ. Biol. Sci.*, 5(7S), 89-100.
- Indra, Balaji and Velaudham (2020). Impact of Social Influence and Safety on Purchase Decision of Green Cosmetic. *International Journal of Future Generation Communication and Networking*, Vol. 13, No. 3, 3036–3042.
- Iqbal, S., & Hashmi, M. S. (2015). Impact of perceived organizational support on employee retention with

- mediating role of psychological empowerment. *Pakistan Journal of Commerce and Social Sciences (PJCSS)*, 9(1), 18-34.
- Kantiah Alias Deepak and Velaudham (2019). Marital differences towards consumer buying behaviour. *AJANTA*, Volume – VIII, issue – II, 36-45.
- Kultigin Akcin, Serhat Erat, Umit Alniacik, and Aydem B. Ciftcioglu (2017). Effect of Perceived Organizational Support on Organizational Silence and Task Performance: a study on academicians. *Journal of Global Strategic Management*, 11 (1), 35-43.
- Maureen M. Gicho (2015). The Effect of Employee Retention Strategies on Employee Performance: The Case of Eagle Africa Insurance Brokers Limited. United States International University - Africa, 1-76.
- Nalini, G., & KhyserMohd (2019). Employee Engagement: A Literature Review. *International Journal of Research and Analytical Reviews*, 6(1), 524-527.
- Premapriya, Velaudham and Baskar (2016). Nature of Family Influenced by Consumer Buying Behavior: Multiple Group Analysis Approach. *Asian Journal of Research in Social Sciences and Humanities*, Vol. 6, No.9, pp. 908-915.
- Raneem Bohassan and Fawad Asif Muhammad (2021). Impact of Perceived Organizational Support on Employee Retention In Educational Organization, Jeddah. *Journal of Archaeology of Egypt/Egyptology*, 18(14), 635-645.
- Renu Bala (2017). Role of employee retention strategies for keeping and retaining talents. *JK Knowledge Initiative*, 1 (2), 76-79.
- Sarminah Samad (2006). The Contribution of Demographic variables: Job Characteristics and Job Satisfaction on Turnover Intentions. *Journal of International Management Studies*, 1 (1), 1-12.
- Sehresh Iqbal and Maryam Saeed Hashmi (2015). Impact of Perceived Organizational Support on Employee Retention with Mediating Role of Psychological Empowerment. *Pakistan Journal of Commerce and Social Sciences*, 9 (1), 18-34.
- Tettey, W. (2006). Staff retention in African universities: elements of a sustainable strategy. World Bank, Washington, DC.
- Velaudham and Baskar (2015). Multiple Group Structural Equation Model Showing Influence of Age in Consumer Buying Behavior towards Air Conditioner in Chennai City. *Annamalai journal of management*, 89-96.
- Velaudham and Baskar (2016). Number of earning members influence over air conditioner buying behavior: multiple

group analysis approach. *Annamalai Business Review*, Vol. 10, Issue 2, 59-68.

Victor Charles and Velaudham (2020). The Impact Of Consumer's Perception Towards E-Tailing In Madurai. *High Technology Letters*, Volume 26, Issue 10, 583-593.

Yejee Jeong and Moonjoo Kim (2021). Effects of perceived organizational support and perceived organizational politics on organizational performance: Mediating role of differential treatment. *Asia Pacific Management Review*, 1-10.