

Impact of Employee's Empowerment on Employee's Retention: A Study of Manufacturing Sector of NCR

Ms. Shikha Brar

(Research Scholar), Haryana School of Business, GJUS&T, Hisar- 125001

Abstract: *Employee empowerment and retention both are human resource management practices. The purpose of this study is to find out the impact of effective employee empowerment strategies on employee retention in IT sector companies. This research paper is based on semi-structured questionnaire that was filled from 150 manufacturing sector employees. For the analysis of data factor analysis and linear regression was used through SPSS. According to data employee empowerment effects retention upto 59 percentage. So, this paper concluded that there is positive relationship between employee empowerment strategies and employee retention. Effective employee empowerment strategies can help in retaining skilled employees.*

Keywords: *Employee Empowerment, Employee Retention.*

Introduction

In this competitive condition, employees are the center of success. Employee can make or destroy dreams of an enterprise. That's why management should make some special approaches to empower employees. If employees feel their importance at the work place then they will care of organization like their home.

The word empowerment is not only the improvement in performance, it also include the behavioral aspect of employees. The concept of empowerment is the feeling encouragement to take responsibility in organization. Empowerment is the psychological variable through which employee's decision making skills improve. Cooperation, knowledge sharing and team work are the variables of identifying employee empowerment. Most important element is independent thinking of employees that is needed to improve overall organizational environment. Policies for employee empowerment will create feeling of attachment towards company and it will helpful in reducing employee turnover. So, we can say that employee empowerment is a necessary factor of employee retention.

If an employee is empowered it means that employee is self-motivated and satisfied towards his/her job. An empowered employee will never leave the work place where he is working. Employee retention is also one of the reasons to make employee empowerment strategies by management. . If employee is highly skilled then organization should make strategies to retain them because organizational competitiveness can be maintained through securing highly skilled employees (Kyndt, 2009). Employee retention reduces the cost of new

requisite. Like other concepts, the definition of empowerment has been done in many different ways. Some researcher scholars have considered empowerment studies as managers' authority and responsibility, while others have proposed that empowerment is the assumed emotions and opinions, and that their motivation and their confidence in themselves, their knowledge and skills inspire their need to take action.

Review of literature:

Spencer (1986) suggested that dissatisfaction of employees with work situation is also a reason of employee turnover. So, to retain key employees work situation have to improve. Another reason of employees turnover is unionization in organization, if union is free to argue with management in a proper manner then it can help management to make better policies of employee retention.

UZUNBACAK (2015) revealed that if in the associations where workers are empowered, aggregate basic leadership and the adjusted appropriation of expert and duty not just expand the worker's productivity, work fulfillment and authoritative responsibility, yet in addition enhances the worker's ability of meeting desires and of adjusting to change. Associations ought not disregard this case; they have to find a way to engage their workers. Aside from empowering employee, associations should try to enhance the social, mental, and social and auxiliary components which make workers feel weak. By the empowerment of workers, it is conceivable to incorporate the intellectual capital inside the procedure of development; the representative who participates in the development procedure is more gainful and productive, and associations that have such workers are proficient, beneficial, and can hold their upper hand. To profit by these points of interest and to achieve the fruitful innovativeness, Research and Development speculations ought to be bolstered, and it is vital that enough source is put resources into ventures.

Tutar,et.al. (2011) stated that employee empowerment is not simply observed as the established use of the exchange of authority. Employee empowerment should meet a mental climate, appropriate to the workplace, other than controlling applications that influence the workers to figure it out their own particular individual potential. A worker bolstered by regulatory means like worker strengthening will understand his/her possess potential and this circumstance will influence his/her accomplishment inspiration emphatically. It is upheld by the discoveries of this investigation that a worker with high accomplishment inspiration will have a high relevant execution moreover. As indicated by the aftereffects of the look into, it is watched that there is a connection between worker strengthening and accomplishment inspiration, also, this connection influences workers' grasping of the association and taking up additional part practices in the idea of relevant execution positively.

Elnaga and Imran (2014) worked on a paper "The Impact of Employee Empowerment on Job Satisfaction Theoretical Study". The purpose behind this investigation is to decide the connection employee empowerment and job satisfaction by checking on and deciding all elements which influence on this relationship. For this

reason, a novel and inventive applied system are utilized and exhibited. Empowerment is for the most part worried about setting up and fabricating trust between administration also, workers, and propelling their interest. It is one of the cutting edge ideas which is trusted ready to enhance the human component in the advanced associations to accomplish high levels of collaboration, camaraderie, self-assurance, development, autonomous reasoning and enterprise. Result of this study revealed that there is a positive relationship between employee empowerment and job satisfaction.

Hajianet. al. (2015) revealed that on the off chance that an organization intends to be successful in future, it should center around one of a kind abilities of its all employees and influencing factors in concerting these gifts to dynamic execution. Today, no association can get by without able employees. Empowerment is neither an assignment nor an end; rather, it is a procedure. Empowerment isn't to allow capacity to individuals. Individuals are control proprietors by their insight and catalyst and, indeed, empowerment is to discharge such power. Empowerment would furnish individuals with potential abilities to utilize human capacities not utilized completely. The reason of elite and fulfillment is the inclination made in representatives to be specific the privilege of decision. Fit individuals feel self – control over results. They trust that they can effect on nature in which they work or the outcomes they accomplish with a specific end goal to transform them. Management prescribed to enhance those activity activities which would lead into employees' activity significance toward their empowerment.

Chen (2011) revealed that exploration intends to research the relationship amongst employee empowerment and worker execution in the Malaysian car industry. It likewise intends to analyze the impact of employee empowerment on worker execution and to recognize which of the four (4) measurements of strengthening has the best effect on employee execution. The four measurements of strengthening, in particular importance, fitness, self assurance and effect, are the recognized free factors, with worker execution as the reliant variable. The discoveries demonstrate that employees in the car business find that strengthening emphatically impacts representative execution. There is noteworthy relationship between's the measurements of employee empowerment and worker execution. They feel that when they are engaged with self-sufficiency, flexibility and chances to impact choice making in their employments or association, their execution will enhance altogether. The ramifications of these discoveries are talked about and recommendations for future research are likewise recognized and proposed.

Research methodology:

Sample:

Data for this study was collected from semi-structured questionnaire. A total of 150 questionnaires were used for analysis. The population for this study included the employees of manufacturing sector of NCR. All the statements of questionnaire were measured on five-point Likert scale extending from 1 'strongly agree' to 5 'strongly disagree'.

Statistical tools

To construct the factors of statements factor analysis was used. Then, inferential statistics was used that including correlations and regression were used using SPSS 17.0 version. Reliability test (cronbach alpha) was used to check the internal consistency of the questionnaire statements.

Factor Analysis:

To bring down the statements to practicable level of dimensions, factor analysis was used with principal components method of factor extraction with varimax rotation. The value of KMO measure of sampling adequacy comes out to be 0.932 and Bartlett's test of sphericity was found to be significant, representing that factor analysis can be useful on this data. The basis of factors extraction was used as the eigen value of 1.0. and rotated factor loading of at least 0.30 which is required (Costello and Osborne, 2005). Principal component analysis method with Varimax rotation method and Kaiser Normalization extracted 2 factors which were explaining approximately 79.436 per cent of variance.

Table 1 presents the structure of each dimension describing employee empowerment and employee retention. It presents the dimensions and the variables establishing each dimension. The factor loading of each variable in a particular dimension is also shown in the table. Cronbach's alpha was also intended for each factor to measure the inner consistency of the variables in a specific factor is .960, which shows satisfactory results.

Table 1: Table showing variables in factors; Recruitment and attraction, and Employee Retention

Factor and variables	Factor loading
Employee empowerment	
I am involved in making decisions that affect my work.	.840
I am given the opportunity to suggest improvements	.800
I participate in setting the goals and objectives for my job.	.822
Proposed decisions are made at the lowest appropriate level	.856
I have access to the information I need to make good decisions.	.778
As I gain expertise I am allowed more latitude on the job	
My supervisor values my suggestions and requests.	.663
Employee retention	
Organization provides Job Security.	.663

Organization provides promotion opportunities.	.738
Organization provides good working Environment.	.668
Organization helps in career development of employees.	.829
Organization supports for higher education.	.845
Organization provides training and development programs.	.880
Organization gives recognition on better performance.	.804

Source: Primary data

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization

The two factors which were extracted were named as employee empowerment, Employee retention.

Regression Analysis

Table 2: Results of Regression analysis

Regression Statistics		Significant
R ²	.590	.000
F Statistic	125.130	.000
Regression	56.151	.000
Std. error of estimate	.66	.000
Beta	.768	.000
N	150	

Source: Authors compilation

Table 2, reveals that employee empowerment strategies significantly affect the employee retention. The value of R square is 0.590 indicating that 59 percent of variation in retention (dependent variable) is explained by employee empowerment strategies (independent variable). F statistic shows that there is significant relationship between employee empowerment strategies and employee retention. Beta Coefficient value is 0.793 which means one unit change employee empowerment strategies results into 0.79 unit change in employee retention. Standard error of estimate means projected distance between actual value and projected value which is 0.66 in the present study. Only 0.66 percent standard error of estimate shows that expectation is more precise. In nutshell, there is significant relationship between effective employee empowerment strategies and employee retention.

Discussion and conclusion

Employee empowerment and retention both are common and vital practices of human resource management (HRM) in every organization. Employee empowerment is the crucial step to attract employees. Employee turnover is a big problem for management, to reduce employee turnover there is a need of some attractive steps which starts from employee empowerment process. Results of this study show that there is a positive relationship between employee empowerment practices and employee retention. This study concluded that employee empowerment alone effect retention 59 percentage and left 41 percentage effected by other variables. So, effective empowerment practices can reduce employee turnover and attract talented employees to stay in organization.

Limitation and Future Directions of the Study:

- This study is limited to quantitative data only. There could be qualitative data also.
- Sample size is very small. This study depends only on 150 respondents.
- This study include only manufacturing sector. So, it cannot generalize for whole NCR of India.

References:

- 1) Sheridan, J.E. (1992). Organizational Culture and Employee Retention. *The Academy of Management Journal*, 35(5), 1036-1056.
- 2) Kyndt, E., Dochy, F. and Michielsens, M. and Moeyaert, B. (2009). Employee retention: Organisational and personal perspectives. *Vocations and Learning*, 195-215.
- 3) Chen, K. P. (2011). A Study on The Impact of Empowerment on Employee Performance in the Automotive Industry in Malayasia. *Open University of Malaysia*.
- 4) Uzunbacak, H. H. (2015). THE IMPACTS OF EMPLOYEE EMPOWERMENT ON INNOVATION: A SURVEY ON ISPARTA AND BURDUR ORGANIZED INDUSTRIAL ZONES. *Journal of International Social Research*, 8(37).
- 5) Tutar, H., Altinoz, M., & Cakiroglu, D. (2011). The effects of employee empowerment on achievement motivation and the contextual performance of employees. *African Journal of Business Management*, 5(15), 6318-6329.
- 6) Elnaga, A. A., & Imran, A. (2014). The impact of employee empowerment on job satisfaction: theoretical study. *American Journal of Research Communication*, 2(1), 13-26.
- 7) Hajian, A., Shirvan, M. K., & Baniyasi, B. Employee Empowerment: A Comparative Study among Different Theories.
- 8) Chen, K. P. (2011). A Study on The Impact of Empowerment on Employee Performance in the Automotive Industry in Malayasia. *Open University of Malaysia*.