



---

## **Determinants Of Employee Engagement And Their Impact On Employee Retention - A Study With Special Reference To SMC Global Securities, Bangalore**

**Ms. Divyashree N** Research scholar, Vijayanagara shri Krishnadevaraya University (VSKU), Ballari, Karnataka, India.

**Dr. S. Jayanna** Research guide , Vijayanagara shri Krishnadevaraya University (VSKU), Ballari, Karnataka, India.

---

### **Abstract**

This article aims at identifying the factors leading to employee engagement and their impact on employee retention. Research Design/Methodology: The study follows descriptive quantitative methodology, sample size is 80 employees, and simple random sampling technique was used to collect the data by survey method using structured questionnaire. Data analysis: One way ANOVA test and percentage analysis were used. Findings: It was observed from the study that encouraging innovations, valuable and positive feedback and providing adequate career development programs, maintain good work relations will enhance employee engagement and subsequently assist in retaining the employees in the organization. Research limitations/implications: study is limited to a single organization unit, particularly 3 departments at SMC Global Securities, in Bangalore city, Lack of co-operation from the employees had been a problem while gathering the data, and only few of the variables were considered in analyzing the research problem. Hence the results cannot be generalized to the entire organization or the sector.

**Keywords:** Employee retention, employee engagement, financial services, intention to stay, commitment.

### **Introduction**

India's financial services industry has experienced huge growth in the past few years. This momentum is expected to continue. India's private wealth management Industry shows huge potential. However, the financial services industry, which is hardly known for cutting-edge adaptability, was forced to make sweeping changes in the recent times. HR leaders were challenged by a pandemic that led to remote working on an unprecedented scale and economic fallout that created uncertainty and increased stress for many financial services employees. At the same time, a nationwide reckoning over race relations led companies to focus on employee diversity. Other human capital priorities, such as the need to have an engaged workforce and retain the skilled talent, precede the chaotic events of past couple of years and are on-going. Ascribing to the afore said thought, an attempt is made to understand the meaning and

importance of employee engagement and its factors in retaining the employees at SMC global securities, Bangalore.

## **Theoretical background**

**Employee engagement:** Employee engagement is a relatively new term in human resource knowledge, where the term is often used by consultant agencies that operate especially in the human resources field. A definition can be found that is often used by a consultant agency in the human resources field named the Gallup Organization, which states that employees who have an engagement value are workers that have total involvement and enthusiasm toward their jobs (Tritch, 2003). Besides this definition, a popular viewpoint states that employee engagement does not only make employees provide more contributions, but it also makes them to be more loyal to the company, which reduces their desire to leave the company voluntarily (Macey & Schneider, 2008).

Kahn is regarded as the pioneer of employee engagement. Employee engagement is critical in an organisation, as

it attaches the employees to their respective work roles (Kahn, 1990). If the work roles of the employees are not attached,

it becomes easy for the employees to lose commitment and hence become demotivated, eventually leading them to leave

the organisation in search of greener pastures. Deriba, Sinke, Ereso and Badacho (2017) note that three major conditions

have to be in place if employee engagement has to be successful and these are: psychological meaningfulness, safety and availability.

- Psychological meaningfulness however, implies that the employees should feel to be worthwhile, useful, valuable and important, especially if their work is challenging, varied and is creative allowing them to be autonomous.

- Safety depicts the ability by the employees to operate without having fear or negative consequences to their self image, status and career.

- Availability reflects the ability by the employees to possess the physical, emotional and psychological requirements that are required to be employed in their work roles (Deriba et al., 2017).

Kahn is regarded as the pioneer of employee engagement. Employee engagement is critical in an organisation, as it attaches the employees to their respective work roles (Kahn, 1990). If the work roles of the employees are not attached, it becomes easy for the employees to lose commitment and hence become demotivated, eventually leading them to leave the organisation in search of greener pastures. Deriba, Sinke, Ereso and Badacho (2017) note that three major conditions have to be in place if employee engagement has to be successful and these are: psychological meaningfulness, safety and availability, i) Psychological meaningfulness implies that the employees should feel to be worthwhile, useful, valuable and important, especially if

their work is challenging, varied and is creative allowing them to be autonomous ii) Safety depicts the ability by the employees to operate without having fear or negative consequences to their self-image, status and career, iii) Availability reflects the ability by the employees to possess the physical, emotional and psychological requirements that are required to be employed in their work roles (Deriba et al., 2017).

Kahn (1990) defined Employee Engagement as the commitment of employee personally to the role and responsibility in work. Furthermore, Harter et al. (2002) defined Employee Engagement as the individual's involvement and satisfaction, as well as enthusiasm for work. Hence, Employee Engagement is a level of commitment and employee's involvement in an organization and the values within. Employee Engagement is the employee's willingness and ability to contribute directly to the company's success continuously.

### **Employee retention**

It is essential for employers to attract and retain talented employees. Long-term employee engagement results in nurturing employees who are happy, fulfilled and productive (Al-Jabari, 2017). Employee engagement encourages high employee retention as the employees will be passionate to do their work and motivated to stay in the organisation (Babakus, Yavas and Karatepe, 2017).

It is essential for employers to attract and retain talented employees. Long-term employee engagement results in nurturing employees who are happy, fulfilled and productive (Al-Jabari, 2017). Employee engagement encourages high employee retention as the employees will be passionate to do their work and motivated to stay in the organisation (Babakus, Yavas and Karatepe, 2017). Employee retention refers to the ability of a company to keep existing employees by using employee engagement as a retention tool. Employee retention initiatives are often introduced by a company, with the aim to develop and maintain an environment where existing employees feel supported and want to remain within the company. Retaining existing employees reduces the substantial costs associated with recruitment and the time and effort that it takes to train new starters.

While the literature on turnover and retention is extensive, there are limited studies that address the issue in financial service sector. Hence this study attempts to fill this lacuna.

### **Company profile**

SMC Global Securities, Bangalore was initiated in the year 1990. SMC is a highly diversified financial service firm in India and abroad that provides one-stop trading & investment services SMC believes in increasing and building positive partnerships with its customers it has the enthusiasm to go to the extra mile to make consumers and partners as a part of a family. SMC offers specialized broking services through equity, bond, currency and commodity asset groups, financial analytics, mortgage consulting, investment banking and cash & future stock executions. Majority of the branches are located in the north India. It has wide area of network

across over 16 states having more than 100 branches and 50000+ registered clients (Corporate & individuals).

### **Literature review**

**Siddhanta and Ghosh (2016)** attempt to clarify Employee engagement affecting the workforce of the 21st century. The study tries to figure out various aspects of employee engagement as to how employee engagement has grown and how it has affected the organizational culture. The research used a descriptive approach and claims that workers who consider their business as the best place to work contribute more. High commitment prompts higher budgetary efficiency, higher profitability, higher consumer loyalty and lower turnover in the work environment.

**Bhargavi (2015)** examined the predictors of employee engagement and their effects on the employee retention. Attention was given to the various aspects of employee engagement and organizational effectiveness of global companies in the city of Bangalore. The data were obtained from 600 workers working at eight major international companies in the city of Bangalore. Data was analyzed using Mean Percentages, Standard deviation, Chi-Square test, Karl Pearson's coefficient of relationship, Study findings show that workers are not highly engaged due to factors such as lack of help from the co-employee, frustration with senior management behavior and actions.

**Sharma and Kumar (2016)** the research seeks to recognize the causes of employee engagement, corporate culture, work satisfaction and retention of employees. The research was carried out with Computer experts working in Noida's IT Company. Using questionnaire methodology, a descriptive study was used to collect the data 450 samples were taken out of which 410 respondents filled out the questionnaires and were taken for further review. The study identified cultural organizational factors such as employee orientation, open contact, creativity, policies and liberty, which increases employee engagement rates and lead to employee retention.

**Chandel (2012)** describes the amount of participation of staff (faculty members) serving in organizations. Data is obtained from both primary and secondary sources the study uses a description type of analysis process. The research sample size was 300. The study includes teaching staff working in higher education institutions in Shimla and Solan districts of Himachal Pradesh. SPSS has been used as an analytical tool. The study concluded that to meet the objectives, organizations must update their employee incentive approaches to help improve the degree of employee engagement.

**Swathi (2011)** this paper focuses on secondary data. The source of the information was taken from previous papers, journals, textbooks on employee engagement. The descriptive approach is used to describe the employee engagement factor. The paper focuses mainly on factors such as reviews, incentives, reorganization, and leadership, etc. which affects the Employee Engagement and shows the various factors that lead the company to engage the employee. Based on its operating climate and its commitment approaches, it would improve

**8341 | Ms. Divyashree N    Determinants Of Employee Engagement And Their Impact On Employee Retention - A Study With Special Reference To SMC Global Securities, Bangalore**

organizational performance in terms of higher income, profitability, consistency of customer service, retention of employees, improved adaptability and reduction of employee attrition, etc.

**Dr. Katyayani and Rani (2016)** found out the relationship between the causes of employee engagement and employee retention. A simple random sample was analyzed with 150 employees, they are assessed with descriptive statistics like mean and standard deviation to find out their interrelationships with each other, chi-square test and Pearson's product time correlation are applied. The study suggests that workers are heading towards high rates of commitment as the HR strategies aim at the retention of workers and have a highly motivated immediate demand workforce.

### **Research gap:**

From the literature reviews, it has been observed that many studies have been conducted on the topic of employee engagement; however, the majority of them are concentrated in IT and manufacturing sectors. Hence this study tries to shed light on the topic of employee engagement and retention in the financial sector.

### **Objectives of the study:**

- To identify the determinants of employee engagement which leads to employee retention
- To identify the influence of demographic variables on employee retention

### **Research methodology:**

Descriptive analysis is used as a framework for the research. This approach helps to explain what happens in a situation with respect to factors or conditions. Data is gathered through survey using structured questionnaires with 5 points Likert scale. Sample size: 120 questionnaires were distributed to employees of SMC global Securities, Bangalore using simple random sampling technique and a total of 80 completed questionnaires were received and considered for further analysis. Data analysis: one way ANOVA test was used to determine the influence of demographic factors on employee retention, and percentage analysis was used to determine the satisfaction levels of employees with various factors leading to employee engagement and retention.

### **Data collection**

Primary Data is gathered via a survey method using structured closed-ended questionnaires. The questionnaires consist of 20 questions in which 7 questions are based on demographic variables and remaining questions on independent variables. Secondary Data is collected via the SMC Global Securities, Internet, newspapers, journals, and other records.

### **Data analysis and findings:**

### **Demographic characteristics:**

The study's respondents represented all age group, the most frequent age group represented in the sample were 20-25 years (41.2 percent) and 26-32 years (40 percent). A large proportion of the respondents were single (50 percent), and the rest were married (45 percent). Most of the respondents had some college education, about 56(70 percent) were graduates, 10(12%) were post-graduates, 2(3%) were Ph.D. (Doctorates), 12(15%) were non- graduates. Most of the respondents in the organization about 62 (77%) were having an work experience of 2-5 years and 12% of employees are part of the organization from 6-10 years, 6% of the employees having an experience of 10-15 years and 4% of the employee having experience above 15 years. The gender distribution between males and females was 68.75% and 31.25% respectively. Majority of the respondents belonged to the marketing department (32%), followed by Finance department (28%), and HR department (20%) of the organization. [Table 1]

**TABLE 1: Demographic profile of the respondents**

Age	Frequency	percent	Gender	Frequency	Percent
20-25 years	33	41.25	Male	55	68.75
26-32 years	32	40	Female	25	31.25
33-40 years	12	15			
41-45 years	3	3.75			
<b>TOTAL</b>	<b>80</b>	<b>100</b>	<b>TOTAL</b>	<b>80</b>	<b>100</b>
Marital status	Frequency	Percent	Department	Frequency	Percent
Single	40	50	Finance	28	35
Married	36	45	Marketing	32	40
widowed	4	5	H.R	20	25
<b>TOTAL</b>	<b>80</b>	<b>100</b>	<b>TOTAL</b>	<b>80</b>	<b>100</b>
Educational Qualification	Frequency	Percent	Experience	Frequency	Percent
Graduation	56	70	2-5 years	62	77
Post-graduation	10	12	6-10 years	10	12
Ph.D.	2	3	10-15 years	5	6
Non- graduates	12	15	Above 15 years	3	4
<b>TOTAL</b>	<b>80</b>	<b>100</b>	<b>TOTAL</b>	<b>80</b>	<b>100</b>

**Table 02: Association between demographic variables and employee retention**

Demographic variables		Sum of square	df	Mean Square	F	Sig.
Department	Between Groups	0.963	2	0.482	0.564	0.571
	Within Groups	65.787	77	0.854		
	Total	66.75	79			
work experience	Between Groups	2.125	2	1.062	0.021	0.002
	Within Groups	64.625	77	0.839		
	Total	66.75	79			
Age	Between Groups	3.057	4	0.764	1.028	0.398
	Within Groups	55.743	75	0.743		
	Total	58.8	79			
Gender	Between Groups	4.368	4	1.092	6.389	0.125
	Within Groups	12.819	75	0.171		
	Total	17.188	79			
Marital status	Between Groups	2.886	4	0.722	2.004	0.103
	Within Groups	27.001	75	0.36		
	Total	29.888	79			
Educational Qualification	Between Groups	6.174	4	1.543	4.507	0.009
	Within Groups	76.814	75	1.024		
	Total	82.988	79			

**Table 2 :** summarizes the association between demographic variables and employee retention using one way ANOVA test. It is observed that work experience ( $P=0.002 < 0.01$ ) has significant relationship with employee engagement, experienced employees show signs of engagement and are easier to retain. Educational qualification ( $F=1.507$ ;  $P=0.009$ ) has an impact on worker commitment. Qualified employees are highly engaged in their work and need to be retained the organisation. Attributes like age group, marital status, gender of workers in the association have no huge impact on employee engagement and retention.

### Employee engagement and retention indicators:

Respondents were asked to indicate their level of engagement at work as a measure that influence them to stay in the current organisation on a five point scale where '1' indicated low level of engagement and a weak reason to stay in the organisation, and '5' indicated high level of engagement levels at work and strong reason to stay in the organisation.

- i. The organization encourages new ideas and innovation

Table 3:

Parameter	Frequency	Percentage (%)
-----------	-----------	----------------

1	3	4%
2	5	6%
3	16	20%
4	16	20%
5	40	50%
TOTAL	80	100%

Interpretation: It is observed from the above table that 50% of the respondents strongly agreed, that innovation at work leads to employee engagement and influences them to stay in the organisation. Whereas 20% of the respondents agreed, 20% of respondents were neutral. 6% of the respondents disagreed and 4% of them disagreed strongly.

ii. Organization culture and working environment

Table 4:

Parameter	Frequency	Percentage (%)
1	1	1%
2	3	4%
3	14	18%
4	29	36%
5	33	41%
Total	80	100%

Interpretation: It is observed from the above table that majority (41%) of the respondents strongly agreed, that organisation culture and good work environment leads to employee engagement and influences them to stay in the organisation.

iii. Involvement in making decisions concerning individual work.

Table 5 :

Parameter	Frequency	Percentage (%)
1	0	0%
2	0	0%
3	14	1%
4	55	79%
5	11	20%
TOTAL	80	100%

Interpretation: It is observed from the above table that majority (79%) of the respondents agreed and 20% strongly agreed that involving employees in making decisions about their work leads to employee engagement and influences them to stay in the organisation.

iv. The employees are recognized & rewarded for good work performance



Parameter	Frequency	Percentage (%)
1	0	0%
2	7	9%
3	17	21.0%
4	28	35%
5	28	35%
TOTAL	80	100%

Table 6 :

Interpretation: It is observed from the above table that majority (35%) of the respondents agreed and 35% strongly agreed that recognising and rewarding employees for their efforts leads to employee engagement and influences them to stay in the organisation

- v. The organization provides ample opportunities for career growth

Parameter	Frequency	Percentage (%)
1	0	0%
2	1	1%
3	16	20%
4	40	50%
5	23	29%
TOTAL	80	100%

Table 7:

Interpretation: It is observed from the above table that majority (50%) of the respondents agreed and 29% strongly agreed that career development opportunities leads to employee engagement and influences them to stay in the organisation

- vi. Good work relationship with co-worker and supervisors

Parameter	Frequency	Percentage (%)
1	7	9%
2	6	8%
3	17	21%
4	33	41%
5	17	21%
TOTAL	80	100%

Table 8:

Interpretation: It is observed from the above table that majority (41%) of the respondents agreed and 21% strongly agreed that good work relationship with co-workers and supervisors leads to employee engagement and influences them to stay in the organisation.

## **Findings and suggestions**

The key factors that lead to employee engagement and employee retention according to this study are new ideas and innovations, organizational culture and working environment, feedback, involvement in decision making, good relationships with co-workers and supervisors. Grievance procedures, health and safety of employees, and leave benefits are given the least priority according to the data analysis.

Acquiring skilled workers is just not enough in today's competitive economy. More is to be done to attract, engage and devote employees to organizational goals. As per the employees' opinion, the company should give importance to employee retention by offering valuable feedback, equal remuneration & incentives and sufficient leave benefits. The company should help employees maintain a healthy work-life balance and have adequate health facilities. That might have the impact of involving employees at work, in order to increase the organization effectiveness and enhancing productivity.

## **Conclusion:**

Creating a powerful human resource management plan, to fortify employee engagement and retention goals, is critical to success. Unfortunately, it isn't simply achieved overnight. But, by implementing employee engagement ideas that work to better support talent, organisations can create a fully engaged team who are actively striving to reach their full potential within the company, and are committed to company goals in the long run.

## **References:**

- Arti Chandani\* , Mita Mehta, Akanksha Mall and Vashwee Khokhar(2016), Employee Engagement: A Review Paper on Factors Affecting Employee Engagement, Indian Journal of Science and Technology, Vol 9(15), DOI: 10.17485/ijst/2016/v9i15/92145.
- Abhijit Siddhanta, Debalina Roy (ghosh)'Employee engagement Engaging the21st century workforce' ,ASIAN JOURNAL OF MANAGEMENT RESEARCH Online Open Access publishing platform for Management Research
- Ady Milman and Duncan Dickson, Employment characteristics and retention predictors among hourly employees in large US theme parks and attractions, International Journal of Contemporary Hospitality Management, Vol. 26 No. 3, 2014,pp. 447-469, Emerald Group Publishing Limited
- Bhargavi VR(2015). A Study on Employee Engagement and Its Impact on Organizational Effectiveness in Select Global Companies in Bangalore City. Academic Press.
- Chandel Prerna (2019), "Assessing the Association of Employee Engagement with affective Organizational Commitment in Higher Education Institutions", Research Review International Journal of Multidisciplinary, vol-4, issue-2, pp. 907-912.
- Deriba, Sinke, Ereso and Badacho (2017), Health professionals' job satisfaction and associated factors at public health centers in West Ethiopia, Hum Resour Health 15, 36 (2017). <https://doi.org/10.1186/s12960-017-0206-3>

- J.swaminathan (2018)'employee engagement in hospitals' Journal of Business & Management (COES&RJ-JBM), 1(3), pp. 166-174
- Jagannathan, A. (2014). Determinants of employee engagement and their impact on employee performance. International journal of productivity and performance management, 308-323.
- Lynch Vurande Zindove, Gibbet Murambiwa Magaisa, Effects of Employee Engagement on Employee Retention Strategies at the Christian Council of Zimbabwe, The International Journal Of Business & Management, ISSN 2321–8916, Vol 8 Issue2
- H. Fathima, Anwar Basha G. 'Employee Engagement and Retention A Study of Software Professionals, Vol. 4 No. 2 (2021): NOLEGEIN Journal of Performance Management & Retention Strategies
- Rama Devi, V. (2009). Employee engagement is a two-way street. Human Resource Management Inter-national Digest, 17(2), 3–4. doi:10.1108/09670730910940186
- Rina Anindita and Adventia Emilia Seda (2018). How employee engagement mediates the influence of individual factors toward organizational commitment. Problems and Perspectives in Management, 16(1), 276-283.
- Rabiya Tarannum Hafiz Jidda,(2012) 'Effect of employee engagement practice on attrition with respect to sales employees in the Indian business scenario' <https://shodhganga.inflibnet.ac.in/handle/10603/9366>
- Swathi, S. (2013). Effecting employee engagement factors. International Journal of Scientific and Research Publications, 3(8), 1-3.
- <https://www.shrm.org/hr-today/news/hr-magazine/spring2021/pages/top-hr-challenges-in-the-financial-services-industry.aspx>
- <https://www.talkfreely.com/blog/employee-engagement-and-retention>