

INVESTIGATING THE IMPACT OF EMPLOYEE ENGAGEMENT ON EMPLOYEE RETENTION IN MUSCAT FINANCE COMPANY

Wathiqah Abdullah Bait Said¹, Rayyan Ali Mohammed Al-Wahabi²,
Amna Riyadh Ali Al-Bahrani³, Adhara Abdul Rahim Abdul Rahman Al-Balushi⁴,
Tasnim Sultan Mohammed Al-Harrasi⁵

^{1,2,3,4,5}College of Economics and Business Administration, University of Technology and Applied Sciences
(UTAS), Muscat.

ABSTRACT

Researchers: Rayyan Al-Wahabi, Amna Al-Bahrani, Adhara Al-Balushi, Tasnim Al-Harrasi

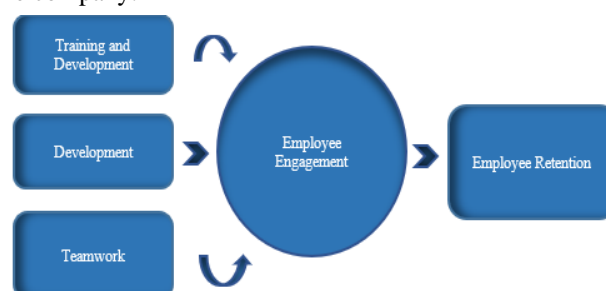
This paper attempt at investigating the Impact of Employee Engagement on Employee Retention in Muscat Finance company in Muscat branch. Thus, the purpose of the study is to determine the relationship between employee engagements and employee retention, to identify HR practices that are used to increase employee retention through employee engagement and analyze the challenges of employee engagement that encountered by the company in achieving employee retention. A survey has been utilized to gather primary data based on convenience sampling method, and the questionnaire distributed to 60 respondents of the company's employees but only 21 of them responded to the survey. Therefore, after analyzing the collected data it was found that there is a positive relationship between teamwork and employee retention, a negative relationship between training and development and employee retention, and a negative relationship between employee empowerment and employee retention. Thus, the study recommends to create promotion structure and align it with the goals structure so that every employee will be able to set their own objective and align it with the goals of the organization through programs like train the trainer, implement the open-door policy for the employees and take their suggestions and opinions into considerations, enhance the informal communication to create supportive working environment and check the employee's satisfaction periodically.

Key words: Employee Retention, Employee Engagement, Employee Empowerment

1. INTRODUCTION

Every company has a main aim to retain its talented employees for long periods of time due to the positive influence of employee retention on the firm position in the marketplace, which enables the firm to gain competitive advantage, profit and increased overall performance and productivity. The employee will stay longer at work if he/she are more engaged within the organization. It was noted that there is a significant relationship between engagement and retention. According to Perrin's Global Workforce Study (2003), "employee engagement is making employees valuable assets in the organization by recognizing them to create a willingness in them to work more and drive the organization towards the success way". Additionally, employee retention is "the ability of the company to maintain its engaged employees" (Asif Khan, 2011). This study is going to focus on investigating the impact of employee engagement on employee retention in one of the well-established institutions in the Sultanate, which is Muscat Finance company.

Statement of the Problem: Due to the insufficient number of studies in relating to the impact of employee engagement on employee retention, the impact must be examined properly in order to find out the possible effective procedures that every firm need to follow to increase employee retention. Thus, this research concentrates on investigating the effect of employee engagement's variables on employee retention in Muscat Finance company in Muscat branch by analyzing the relationship of the variables on employee retention. Also, it investigates the impact of HR practices on employee retention. Moreover, few recommendations were given in order to overcome employee engagement challenges and boost employee retention in the company.



Conceptual framework

2. LITERATURE REVIEW

Human Resource Practices that Stimulate Employee Retention

Training and Development

Training and development have a huge impact on employee retention for long duration of time. By making employees apply their learning in the workplace. Organization should give compensation to motivate employees to apply their learning in the workplace so, that will lead to retain the employee in the organization (Anis, Rehman and Safwan, 2011). According to Vlad Vaiman (2008), organization that offer training will become popular, strong, attract and retain employees. According to AL Damoe et al (2012), the results of training and development we cannot touch, smell or taste it so it is intangible it will come in form of employee retention, satisfaction and commitment. Training and development are one of the human resource practices that lead to continuous learning, innovation, loyalty, creativity and employee retention there are a direct relationship between employee retention and training and development (Fletcher, Alfes and Robinson, 2016). Training it is a process include stages these stages include steps to achieve the goals of the organization and training create a link between the achievement of the organization and employees (Patara, 2019). According to Ahmad and Majid (2018), training make the employee like treasure every organization want them at any cost because of their skills.

Teamwork

Teamwork according to Scarnati (2006, p. 5), is extraordinary results are achieved due to the collaborative process. Today, most companies recognize that teamwork is one of the reasons for their success and that they should be integrated as units of university delivery. Successful teamwork depends on cooperation and synergy between individuals, and this is a sufficient reason to create an environment in which everyone is fully prepared to participate and contribute to nurturing a collective environment that is positive and highly effective. In teamwork, members must be flexible so that they can adapt to cooperative work environments in order to achieve the main goal and social cohesion (Luca and Tarricone, 2018). Teamwork is one of the most important factors that have a major role in maintaining employees, their excellent performance and high productivity. There is a very large number of scientific research and studies that have explained the importance of teamwork. The researchers explained the role that teamwork plays in enhancing job satisfaction among employees and maintaining them. The study also showed that teamwork contributes to improving communication between employees and strengthening relationships between them. Thus, the sense of belonging in the team reduces the occurrence of tensions and disagreements and increases their adherence to each other and their permanence. in the institution. (Modern Management Journal, 2019). According to Ken Robinson (2018), teamwork has a very big role in preserving employees, through job satisfaction because of the trust that is built between employees and enhancing a sense of appreciation and belonging, and each individual feels important at work, and this is a sufficient feeling for the employee not to leave his work, as he advised the mentors by giving the employees collective tasks to be accomplished by the employees in a collective work manner, and this leads to raising the productivity of the institution and spreading a good reputation about the institution because of the adherence and survival of the employees to their work so that the employee does his work by himself and does not feel that it is just a task that must be completed in any way. Teamwork helps to maintain employees by enhancing the sense of belonging to the group and this by increasing loyalty to the company (Edgar Shane, 1964).

2.2.1.3 Employee Empowerment

employee empowerment it means that worker is self-roused and fulfilled towards his/her work. An engaged empowered workers won't ever leave the workplace where he is working. Employee retention is likewise one reason to make Employee Empowerment systems by the board. On the off chance that worker is profoundly gifted, association ought to make procedures to hold them in light of the fact that hierarchical seriousness can be kept up with through getting exceptionally talented representatives (Kyndt, 2009). Employee retention decreases the expense of new recruitment. Like some scientist researchers have considered employee empowerment concentrates as supervisors' position and obligation, while others have suggested that it is the accepted feelings and suppositions, and that their inspiration and their trust in themselves, their insight and abilities rouse their need to make a move. Finally, all studies discuss the effect of employee relation and empowerment Relationship. Empowerment leads to less new hire which helps in increasing employee retention because empowerment gives an opportunity for employees to make decisions and become an important part of the company. It allows employees to have confidence, loyalty and dedication, which leads to increased engagement, which helps in employee retention.

The Relationship between Employee Engagement and Employee Retention

Employee engagement is intellectual and emotional commitment towards the company. The ability of employees to assist their organization in achieving success by their efforts. Engagement is influenced by several factors such as

rational and emotional factors related to the work (Perrin's Global Workforce Study, 2003). According to C. Balakrishnan, Dr. V Chandra and Dr. D Masthan (2013), which was gathered when the Indian International Airport was under pressure of high rate of employee turnover. They selected the drivers of employee engagement and created hypotheses to conduct the study. Thus, the relationship between employee engagement and employee retention was studied based on the questionnaire responses from 185 workers who were being selected by using random sampling. In the findings, it was found that enhancing employee engagement and concentrate on some non-financial drivers can lead to improve employee retention. Also, employee retention can be enhanced without spending more financial expenditure if there is an economic restriction. Another research was conducted by Joshna Jaya Chandra (2019) to find out the effect of the relationship between employee engagement and employee retention on the overall performance of the organization. This study identified the significant drivers of employee engagement such as employer branding, meritocracy, succession planning, the line manager's role in engaging employees. Therefore, the drivers can affect employee retention and eventually influencing the performance of the organization. Further, the results show that employer branding and succession planning have positive effect on employee engagement. Likewise, employee engagement has positive relationship on employee retention which in return influence the organization's performance. However, there is no effect of meritocracy and line manager role on employee engagement.

3. METHODOLOGY

The questionnaire survey was the research tool that was employed. Online distribution of the questionnaire was used. It made gathering the necessary data quick and simple. For a number of factors, including its ability to collect the most responses without requiring visiting Finance Company and distribute questionnaires to every individual, the survey was chosen as a study tool. It is also less expensive and is thought to be simple to analyze and comprehend. Tables, graphs, and multiple regression analysis were used in SPSS to represent and evaluate the data.

There is a gap in the previous studies about how human resource practices can increase employee engagement to achieve employee retention. None of the studies focus on the methods and strategies used by human resource managers to retain engaged employees in detail. Also, most of studies concentrated on the financial drivers of employee empowerment such as compensation including rewards. This study deeply investigates the effect of employee engagement's drivers on employee retention and to explore the methods used by HR managers to enhance employee retention through employee engagement.

4. DATA ANALYSIS

This part of the investigation would highlight on the answers given by respondents, structure set of questions were utilized to find out Employee Engagement on Employee Retention in Muscat Finance Company. The demographic information contains five components related to the respondents' information such as their gender, age, educational background, years of experience, and department. The majority of the respondents were females about (66.7%) and the minority of them were (33.3) of males. Most of the respondents were aged between 18 to 29 in the percentage of (81%) and the rest of (19%) were aged between 30 to 49. (56.4%) of respondents having bachelor's degree and (38.1%) were having high school diploma. Regarding experience, most of the respondents (57.1%) were having between 5 to 10 years of experience, while (28.6%) were having more years of experience of above 10 years and only (14.3%) having below 5 years of experience which means Muscat Finance company has a lot of young experienced and educated employees.

According to our conceptual framework, we identified three HR practices (training and development, teamwork and empowerment) of employee engagement that stimulate employee retention. The three practices are independent variables and employee retention is dependent variable. We put these three variables in our survey and requested employees of Muscat Finance company to answer the questionnaire which includes three sections to measure the impact of employee engagement on employee retention. The results show that in training and development section, the company encouraged employee to achieve their personal growth and development. however, (33.3%) mentioned that the company does not offers for them promotions. While (38.1%) of employees disagreed that the company offers several training programs to develop their skills. On the other hand, (23.8%) of employees strongly agreed that the company often offers several training programs to develop their skills. So that means the company maybe offers training and development programs for specific skills and specific departments when there are some sort of changes and not for all the employees, so training and development has less impact on employee retention. The second variable is teamwork, the results show that the company has team-based structure because (33.3%) of employees mentioned that they have friendly atmosphere at workplace. (42.9%) mentioned that teamwork helps them to create strong relationships with other members, leader and management and they feel comfortable to work in a team to share ideas and less responsibilities. The third variable is employee empowerment. The respondents mentioned that they can easily share their ideas and opinions with the management. In addition, their work gives them a feeling of control which means they are using good leadership styles

in which (33.3%) said strongly agreed and they mentioned that (28.6%) disagreed that the company regularly reward them for creativity and contribution and (33.3%) say neither so there is no big difference. Therefore, the company does not regularly reward employees for their creativity. In addition, the company does not offer flexible working hours to their employees based on (42.9%) responses. The results show that there is a strong positive relationship between teamwork (as a variable of engagement) and employee retention based on the findings of the employees' positive responses to the questionnaire. According to Edgar Shane (1964), teamwork helps in maintaining employees by enhancing the sense of belonging to the group and this by increasing loyalty to the company. In addition, there are weak relationships between employee training and development and employee retention as the company does not offer promotion which may decrease employee retention. Training and development are significant and enable employees to gain new positions at workplace, new roles, promotion and respect from others which motivate employees to retain in the company (Cromwell, 2004). Scott Brum (2007) said that training increases the willingness of the employees to stay in the organization and makes them more commitment to the organization and its goals. Moreover, there is a negative relationship between employee empowerment and employee retention. Employees are not regularly rewarded for creativity and contributions, and they are not provided with flexible working hours. If there is a strong relationship between employee empowerment and retention, it may allow employees to have confidence, loyalty and dedication, which lead to increased engagement, which helps in retaining skilled. In addition, employee retention motivates employees, and increase employee empowerment in the organization (Irza Hanie Abu Samah, 2019).

The company is recommended to offer more promotions and training and development programs to encourage their employees to stay for a long period in the company because (33.3%) of employees said that they are not being promoted to a higher role and not getting promotions and that may negatively affect their productivity at work. Also, it is highly recommended to focus on offering more flexible working hours to employees including the creation of supportive working environment because (42.9%) of employees said that there are no flexible working hours and that may discourage them to attend on time or complete their work timely and finally it may lead to reduce employee retention in the company.

Factor analysis

| Table 1 : Descriptive Statistics | | | | |
|----------------------------------|---------|---------|--------|----------------|
| | Minimum | Maximum | Mean | Std. Deviation |
| TD | 1 | 5 | 3.60 | .903 |
| MO | 1.67 | 5.00 | 3.7771 | .80188 |
| CP | 1.33 | 5.00 | 3.9533 | .83926 |
| WE | 1.00 | 5.00 | 3.7537 | .82702 |
| EE | 1.50 | 5.00 | 3.5350 | .88091 |

According to the descriptive data, the constructs that are being discussed include employee engagement, motivation, compensation, work environment, and training and development training and development.

The descriptive data for the research variables are shown in Table 2, which includes mean scores, standard deviations, and correlations. All of the data from the variables that were observed had a mean that was somewhere in the range of 3.3 to 4, in other words. The average scores for training and development, motivation, compensation, work environment, and employee involvement were correspondingly 4.33, 3.67, 4.50, and 3.50.

EXPLORATORY FACTOR ANALYSIS

Exploratory Factor Analysis (EFA) is a statistical technique used to identify the underlying factors or dimensions that explain the patterns of correlations among a set of observed variables. It is commonly used in social sciences, psychology, and market research to uncover the latent structure of a dataset.

Table 2

| KMO and Bartlett's Test | | |
|--|--------------------|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .748 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 1163.807 |
| | df | 105 |
| | Sig. | .000 |

Table 3

| Rotated Component Matrix ^a | | | | | |
|---------------------------------------|-----------|------|------|------|------|
| | Component | | | | |
| | 1 | 2 | 3 | 4 | 5 |
| TD1 | | | | | .655 |
| TD2 | | | | | .831 |
| TD3 | | | | | .832 |
| MO1 | | | | .806 | |
| MO3 | | | | .733 | |
| MO4 | | | | .717 | |
| CP1 | | | .800 | | |
| CP2 | | | .852 | | |
| CP3 | | | .843 | | |
| WE1 | | .822 | | | |
| WE2 | | .830 | | | |
| WE3 | | .792 | | | |
| EE1 | .778 | | | | |
| EE3 | .895 | | | | |
| EE2 | .848 | | | | |

5. DISCUSSION AND CONCLUSION

Muscat Finance company was chosen because it is one of the well-known companies in Oman, to discuss the issue of whether engagement helps in maintaining employees or not. The reason of choosing this topic is because we did not find sufficient past studies and information related to it. It is very important for every company to seek useful ways to retain its employees due to the advantages of retaining, including organizational stability, experience and knowledge, recruitment and training cost reductions, teamwork, and team spirit.

To find a sufficient answer to our goal, we have focused on three side points, first is to identify human resource practices that stimulate employee retention through employee engagement. Secondly, to examine the relationship between employee engagement and employee retention, and to offer recommendations to increase employee retention through employee engagement.

The variables in which we tested the extent of the effect of engagement on employee retention are the following: training, its importance lies in developing skills and increasing productivity, development, and its importance in promoting innovation and creativity, employee empowerment, and positivity achieving professional and personal development and finally teamwork.

After completing our study, we came to this conclusion, there is a strong positive relationship between teamwork and employee retention, there is a weak relationship between training and development and employee retention, and there is a weak relationship between employee empowerment and employee retention. Training and development make the company and employees gain the traits of success and having the ability to change in the future, high performance, and productivity which lead to the retention of the employee (Al-Khayyat and Elgamal, 1997). Teamwork helps to maintain employees by enhancing the sense of belonging to the group and this by increasing loyalty to the company (Edgar Shane, 1964).

Employee empowerment gives you the opportunity to make decisions by your own and act on it. In addition, employee retention is encouraging and motivating employees to stay in the company for a long term (Abdul Shukor Shamsuddin, 2012). Therefore, one of the variables of employee engagement that is teamwork only supports our expectations of having a positive relationship with employee retention while there are no relationships between employee empowerment, training and development with employee retention.

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