

Impact of Work Environment on Employee Retention: A Study on Retail Sector

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Abstract

Employee retention is one of the key concerns in every organisation and it is also a big challenge for retail sector. It is the very huge responsibility of the employer to have an effective human resource practices so that it can retain significant employees of the organization as satisfied happy and hardworking employees are the biggest assets of any organisation. The level of the productivity can be increased through developing a favourable environment to the employees. The significant literature review has been done to find out the impact of work environment factors affecting in retaining the employees in the retail sector. After this study researcher has analysed that money is not only the factor which leads an employee to leave or stay the organisation but also there are the other factors like how working environment affect the availability, competence, productivity and responsiveness, performance of the employee and so on who helps organisation to retain the employees. The work environment effects on the performance level of the employees. The research is based on primary data & relevant literature review.

Keywords: Employee Retention, Work Environment, Human Resource Practices, performance level, productivity, Retail Sector

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Employee retention is one of the key concerns in every organisation and it is also a big challenge for retail sector. It is the very huge responsibility of the employer to have an effective human resource practices so that it can retain significant employees of the organization as satisfied happy and hardworking employees are the biggest assets of any organisation. The level of the productivity can be increased through developing a favourable environment to the employees. The significant literature review has been done to find out the impact of work environment factors affecting in retaining the employees in the retail sector. After this study researcher has analysed that money is not only the factor which leads an employee to leave or stay the organisation but also there are the other factors like how working environment affect the availability, competence, productivity and responsiveness, performance of the employee and so on who helps organisation to retain the employees. The work environment effects on the performance level of the employees. The research is based on primary data & relevant literature review.

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Introduction

The workplace environment plays a very important role in boosting employee morale, productive efficiency and engagement - both in a positive and negative manner. Environment exactly means environment, surroundings and all those things that gives impact on human being during the life time is collectively known as environment. A working environment is the environment where employees work together for one objective. It means all those things like systems, processes, structures and tools which interact to employee and affect in positive or negative ways on their performance. It can also be defined as the location where a job is completed. The work environment involves the physical geographical location as well as the immediate surroundings of the workplace such as a construction site or office building. It typically involves other factors relating to the place of employment such as the quality of the air, noise level and additional perks and benefits of employment such as free child care or unlimited coffee, or adequate parking. In today's competitive world and business environment, organizations can no longer afford to waste the potential of their employees.

There are lots of significant factors in the employee's workplace environment that gives impact significantly on their level of motivation and performance. The workplace environment plays a very important role in boosting the morale and motivation level and as well as the potential of the employees. It is not even just a coincidence that nowadays organisations are addressing new programs and by these execution lifestyle changes, work/life balance, health and fitness - previously it has not considered as a key benefits but now this is the primary considerations of potential employees, and common practices that companies should focus on these benefits.

Work environment plays a vital role in an organization because most of the problems employees face that is related to working environment. It can increase level of productivity through developing a favourable working environment in the organization.

Elements of work environment

Work environment may be classified into three broad categories.

1. Physical Environment

- ✓ Ventilation & Temperature
- ✓ Noise
- ✓ Infrastructure & Interior
- ✓ Amenities

2. Mental Environment

- ✓ Fatigue
- ✓ Boredom
- ✓ Monotony
- ✓ Attitude & Behaviour of Supervisor & colleagues

3. Social Environment: Social environment signifies to the group to which an employee's work together and make their personnel. Social environment make them learn how to raise the standards and positive attitude towards the employees.

Impact of Work Environment on Retail Sector

Employees are very important assets of any organisation but nowadays Retail sector is highly diverse, even within countries, with significant differences among retailers, depending on their competition strategies and on the subsectors within which they operate, for instance whether they are department, speciality or discount stores. The retail industry is also highly globalized, with major retailers now generating an increasingly greater share of their turnover and profits from their global sales than from their domestic markets by this competition there is high growth rate of attrition in retail market so it is very important to provide a healthy work environment to the employees so that productivity can be increased.

Literature Review Gonzalez (1999) describes the importance of working environment as it has a very vital role in employee's performance and a determiner which helps employees to concentrate on their job appropriately. Mohanty, Susmitaparija and Ghansyamsahu (2012) defines that there is a positive relation between human resource development climate and employee performance and any of the change in organisation causes the change in employees performance. Likewise working environment also gives impact on job satisfaction as deliberated by Bakotic and Babic (2013) that employees prefer less risky environment to work. Equally office ambience also impacts on performance environmental factors which give motivation to the employees Amina and Shehla (2009). Mokaya et al. (2013) says that promotions, working conditions and remuneration also plays a vital role for employees' level of job satisfaction Ollukkaran and Gunaseelan (2003) defines that how well employees involve with their working environment, it will give positive impact on employees' performance level. Smrita et al. (2010) describes that good culture and the development of the employee in the organization affects employees' level of motivation. Mcguire and McLaren (2007) states that these are some few factors like well-being and proper interaction, teamwork and innovation employee gets in their working environment has a strong impact on increasing job satisfaction. Roelofsen (2007) founded that because of improving working conditions indoor environment can be better and it can also increases job performance and level of performance from 5% to 15%

Employees stress is also affected by Work place environment according to Vischer (2006) that a decent working environment will lead to betterment between work space and employees and results in improving behaviour and stress related emotions. A worthy working environment changes employees' tactics towards work as according to Berg (1999) job and complete working environment has significant effect on worker's opinions about corporations to help matching work and family life. In describing factors establishing a healthy working environment, Goudswaard (2012) emphasized work life balance, motivation level psychological conditions, social dialogue, management and leadership consistency, transparency develop a good working environment and a good working environment leads to increase organization productivity. Yasin Sheikh Ali et al. (2013) highlighted that working conditions and working environment should keep in mind and increase it to certain threshold by this employees productivity will increase.

Haynes(2008) underlined that the components of behaviour in working environment have more impact than the physical components of working environment where level of interaction is great, supports imagination and transmission of transactional information.

Sehgal (1995) emphasized that workplace design plays a dynamic role in growing employees' productivity level. It has been perceived by the researchers that the work place environment contributes to 24% in job satisfaction. It increases output level of an individual by 5% and team presentation can be increased to 11% through developing good working environment. Arokiasamy (2013) highlighted that the factors like reimbursement, prizes, job security and working environment increases level of assurance and sense of belonging with

the organization. Noah and Steve 2012) found that a working environment in an organization increases level of job satisfaction that ultimately point out to attainment of association goals.

Research Gap

The study has been conducted to discover how productivity of employees can be increased and also to identify the factors which contribute to favourable working environment. Employee's productivity can be increased by developing a conducive working environment. Researcher also studied that these are few factors like availability, competence, productivity and responsiveness which affects employee's performance. Most of the problems faced by employees are related to working environment. The level of productivity can be increased through developing a favourable working environment in the organization because it has been seen that employees have their own expectations and attitudes towards the work place and the environment they work so it is more important to work on these factors to improve the quality of environment. Long and lengthy daily procedures can also be a big problem for the employees so it can also treated as a cause for negative working environment.

Objective of the Study

1. To identify & analyse the work environment factors affecting employee retention in the retail sector.
2. To know the relationship between work environment and employee retention.
3. To give shed light on the importance of Retention management.

Hypothesis

H01: There is no significant impact of work environment on employee retention in retail sector.

HA1: There is no significant impact of work environment on employee retention in retail sector.

Methodology

DATA INTERPREATION AND ANALYSIS

Reliability Test

Table
Reliability Statistics

Reliability Statistics	
Cronbach's Alpha	N of Items
.716	2

From the above table it can be seen that Cronbach's alpha is more than 0.700 which indicates a high level of internal consistency for the scale with this specific sample.

KMO & Bartlett's Test for Sample Suitability

Table

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.679
Bartlett's Test of Sphericity	Approx. Chi-Square	24.608
	Df	1
	Sig.	0.000

The KMO ranges from 0 to 1 with an accepted index for further study must be over 0.6. Given table shows the KMO measure is greater than 0.60 in the present study which is satisfactory for the sample adequacy and further hypothesis test. The Bartlett's test of Sphericity relates to the significance of the study and must be less than 0.05. It can be seen in given table that Bartlett's test of Sphericity value is less than 0.05, it is actually 0.000 shows significant for the study.

Hypothesis Testing

H01: There is no significant impact of work environment on employee retention in retail sector.

HA1: There is no significant impact of work environment on employee retention in retail sector.

Correlation Analysis

Descriptive Statistics

Descriptive Statistics			
	Mean	Std. Deviation	N
Work Environment	3.1947	.89724	100
Employee Retention	3.3384	.64403	100

Correlations			
		Work Environment	Employee Retention
Work Environment	Pearson Correlation	1	.470**
	Sig. (2-tailed)		.000
	N	101	101
Employee Retention	Pearson Correlation	.470**	1
	Sig. (2-tailed)	.000	
	N	101	101

****.** Correlation is significant at the 0.05 level (2-tailed).

Correlation analysis shows that there is a degree of relationship between **Work Environment** and **Employee Retention**.

The above table revealed that there is a significant relationship between **work environment** and **employee retention**. From the above analysis it has found that **Pearson correlation value 0.470** and **p value (sig value) is .000** which indicates there is significant moderate positive correlation between **work environment** and **employee retention**.

Regression Analysis

Dependent Variable	Independent Variable	R	R ²	Adjusted R ²	F Sig.	Unstandardised Coefficient (B)	t Sig.
Employee Retention	Model	.470 ^a	.221	.213	0.000	2.260	.000
	Work Environment					.337	.000

The "R" column represents the value of R, the **multiple correlation coefficients**. R can be considered to be one measure of the quality of the prediction of the dependent variable. The "R Square" column represents the R² value, which is the proportion of variance in the dependent variable that can be explained by the independent variables.

In the Model Summary in above **table**, **R Square** is **0.221** which means that **work environment** explain **22.1%** of the variability with significant effect on **employee retention**.

For testing the statistical significance of each of the independent variables, *t*-value and corresponding *p*-value are located in the "**t Sig.**" column which indicates significant relationship existed between work environment and employee retention.

Unstandardized coefficients indicate how much the dependent variable varies with an independent variable when all other independent variables are held constant. From the above table it shows that the **sig. value is 0.000** which is less than 0.05 indicate that null hypothesis is rejected it means **there is no significant impact of work environment on employee retention in retail sector**.

Conclusion

The review of the literature discovers that work environment is the utmost important and valued means that influences employee's retention in any organization. In the area of organization there are other factors also who plays an important role in employee retention in retail sector. Employee attrition is really high in retail sector and it has become so important for retail sector organisation to ensure healthy work environment which can turn into employee retention.

Similarly the level of productivity can be increased through developing a favourable working environment in the organization because it has been seen that employees have their own expectations and attitudes towards the work place and the environment they work so it is more important to work on these factors to improve the quality of environment. And it is a motivating factor which leads to retention.it is also found that employee leave the job due to work environment so it is more important to see the factors which influences the working environment and improve them in a better way so that employee can be retained in the organisation.

Employees are very important assets of any organisation. A decent organisation is one that can encourage its employees by giving them a better environment. Most of the employees spend most of their time on generating activities in the workplace. Therefore, the office environment plays a very important role if the organisation would like to maintain better productivity.

From the above analysis we have reached the conclusion that there is a significant relationship between work environment and employee retention in retail sector. Working environment is helpful increasing employees' level of productivity.

Recommendations

Some of the recommendations for the organization tasked to manage employees towards successful accomplishment of organizational goals are:

- Organization needs to improve the culture as it has the potential to retain employees, which will help it to retain its valuable assets.
- It is suggested that employees want fair treatment and fair appraisal regarding the HR Practices, so organizations need to bring fair policy and communicate it to their employees.
- Reward should be awarded on merit and promotion should be on seniority and merit both, which help in production and retention.
- Organizations should identify those benefits which have more influence on employee retention. Furthermore, Organizations need to revisit their present benefits package to identify those benefits which are not useful in order to replace them.
- Employees need to understand that they are in organization, where they are offered multi training and career development opportunities so they should avail these opportunities to increase their marketability / employability.

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