The chapter “Employee engagement and employee retention” has two folds. One is beginning with the introduction of organization commitment and employees retention. And another part contains the significance of employee engagement in retention of talented employees in an organization with consideration of gender differences.

2.1 ORGANISATIONAL COMMITMENT

2.1.1 Definitions of organizational commitment

Organizational commitment can be defined as dedication and devoted feeling of employees towards his organization. This concept has become an emerging issue in many countries from the last 30 years. The concept was introduced by Whyte in 1956 and which has been further developed by Porter, Mowday, Steers, Allen, Meyer, Becker and many other researchers. Morrow\(^1\) has identified that there are more than 25 descriptions on organizational commitment. Some of them are as follows:

- In broad sense organizational commitment consists of personal commitment and loyalty. (Morris, Lydka and O’ Creavy, 1993)

- Organizational commitment not only includes the employee’s loyalty towards employer, but it also includes an open to criticism of organization for its well-being and success. (Yüksel, 2000)

- Organizational commitment indicates the commitment of individual identity in organization and its direction towards the organization. (Sheldon, 1971)

- Organizational commitment is not only about the organization’s expectation from its employees but it also includes their values and aims. (Celep, 2000)

- Organizational commitment can be classifying in three dimensions- employee’s willingness to stay in the organization, willingness to do extra effort for the organization’s well being and supports its aims and values. (Dubin, Champoux and Porter, 1975)
Robbins (1996) defined Organizational commitment, as a positive or negative attitude of the employees who are fairly engaged (busy) in an organization. He defined as a sense of loyalty towards the organization through which organization has been identified².

Porter, Steers, Mowaday and Boulian (1974) they described organizational commitment through three components of organizational commitment - (1) a strong belief in and acceptance of the organization’s goals, (2) a willingness to exert considerable effort on behalf of the organization, and (3) a clear desire to maintain organizational membership. It has been defined by other researcher as a psychological perspective or sociological thrust, Like- the employees who has been subscribe to the psychological view they would submit that organizational commitment as a psychological bond and influence to other individual who work for organization’s betterment. According to porter, organizational commitment is employee’s belief in organizational goals, values and his desire to work for organization and to maintain his membership in the organization³.

Lotanz and Shave (1992), has also described organizational commitment as an employee’s attitude, his Strong desire to continuous work with the organization, his willingness to put some additional efforts for organizational interest, And his strong belief in the values and organizational goals.

Chatman and Oreille (1986) they said that employee is emotionally attached with organization’s goals and values, and they away from its instrumental values, this emotional bonding is a commitment to organisation.⁴

Esters and Porter (1982), they defined organizational commitment, as a partnership with organizations. It is an identification and involvement of employees within the organization⁵.

According R.T. Mowday, organization commitment means “a strong desire of employees to continue work as a member of a particular organization, his extreme desire to give high-levels of effort for organization’s benefits, and a definite belief in, and acceptance of the values and goals of the organization⁶."
Robbin, Judge and Sanghi say organizational commitment refers to a degree to which an employee identified in his organization and its aims and wishes to maintain membership in the organization.

Miller (2003) also states that organizational commitment is “a state in which an employee identifies with a particular organization and its goals, and wishes to maintain membership in the organization”. Organizational commitment is therefore, the degree in which an employee is willing to maintain membership due to interest and association with the organization’s goals and values.

2.1.2 TYPES OF ORGANIZATIONAL COMMITMENT

Allen and Meyer have classified organizational commitment into three categories: “affective commitment”, “continuance commitment” and “normative commitment” (Allen & Meyer, 1990).

Figure: 2.1: Types of organizational commitment

Source: http://image.slidesharecdn.com
Affective Commitment

Affective commitment describes the affective loyalty and faithfulness to the organization. According to affective commitment approach the main source of commitment of an employee for his organization, is his feeling. To be a part of the organization employee gives pleasure and pride from emotional point of view to organization. Therefore affective commitment is a strong type of commitment as organization is both materially and spiritually for its employees.

In this type of commitment employee has been identify themselves fully with the organization and they are prepared to sacrifice for their organization interest and they won’t envisage leaving organization.

![Affective Commitments](image)

Source: https://wikispaces.psu.edu/display/PSYCH484/12.+Work+and+Organizational + Commitment

Dunham, Grube and Castaneda, gave certain conditions for affective commitment among employees

1. **Autonomy in the Mission:**

   Employees must have some power to take and implementing decisions regarding the fulfillment of their missions.
2. **Clarity and significance of the mission:**

   The employees must be work with that organization only which is suitable to his knowledge and experience or which is significant from his point of view. In an organization the job profile must be very clear to all the employees it includes his rights, authorities, responsibilities etc.

3. **Image of the mission:**

   There should not be any negative image amongst the third parties of organization which results of the mission carried out by the employees and must not create a disreputable effect from social perspective.

4. **Qualities required for the mission:**

   The qualities and the necessities of the mission must be clearly defined and identified.

5. **Attitude of the manager:**

   The manager should keep positive attitude and give regard, value, and honor to his peers and subordinates. Managers must pay enough attention to employees needs. They must create good and healthy work environment and should avoid any humiliating behavior.

6. **Participation in management:**

   Employees must have freedom to give their views and suggestions to their superiors. For this, they need to follow appropriate mechanisms. Management must obtain information and must consult with the employees regarding any decision which is related to them.

   Enough importance should be given to the Views and suggestions of employees. If their suggestions are not implemented, proper explanation must be given to them.

7. **Organizational justice perceptions:**

   Organization must adopt perception of justice while taking organizational decisions and distribution of resources.
8. **Organizational confidence** –

The employees should keep trust and faith to both the organization and top management decisions.

**Continuance Commitment**

In continuance commitment employees are financially dependent to the organization and only material/financial benefits make them continue with the organization. Their importance in the organization can be measure on the basis of their personal benefits, which organization has in their eyes. Continuance commitment cannot consider as strong commitment because employees are not emotionally attached with the organization. They always look for better financial opportunity and as they found good opportunity, they quit the organization.

![Figure: 2.3 Continuance commitment](https://wikispaces.psu.edu/display/PSYCH484/12.+Work+and+Organizational+Commitment)

Dunham, Grube and Castaneda has described the factors for continuance commitment are as follows:

1. **Age**: The employee is either too old or too young they always try to find better jobs.
2. **Working period**: The employees’ working in the organization from number of years, their familiarity with the job, the probability of finding a job out of the organization is low, or their short working period in the organization resulting in lack of experience.

3. **Career opportunity**: opportunities are not available to making career out of the organization.

4. **Educational background**: education background is not strong for better job and working in conditions out of the organization.

5. **Marital Status**: due to the family responsibility, if the employee is married and/or with children he won’t dare to quit the organization.

6. **Alternative job opportunities**: Alternative job opportunities are few.

7. **Sex**: the continuance commitment of women is less strong that that of men.

8. **Organizational justice perception (distributional justice)**: employees feel that other organizational justice is better assured.

**Normative Commitment**

In normative commitment employees believe that they should not leave organization due to conscientious and ethical reasons.

**Figure 2.4: Normative commitment**

source: https://wikispaces.psu.edu/display/PSYCH484/12.+Work+and+Organizational+Commitment
The sources of the normative commitment can be the following:

- The organization’s management treated with favor to employee,
- The employee is working from number of years in the organization,
- The organization was life-saver for the employee in his difficult times, or the services provided by the organization are considered as socially and spiritually important- noble duties. Therefore, the employees consider themselves responsible in terms of normative commitment. This feeling makes his work important for the organization. The more they are grateful to the organization, the more they feel pride to work for organization. In this type of commitment the employees ready do important sacrifices for their organization and they never think to leave organization. The factors which promote to the normative commitment are: (Dunham, Grube and Castaneda)\(^9\)
  1. The colleagues got strong organizational commitment.
  2. The employee feels Gratefulness for the assistances and favors made by the organization.
  3. The importance gives more importance to principles and values.
  4. The effect of social frame of mind.

2.1.3 Factors influencing organizational commitment:

Research studies have listed many factors that influence employees’ commitment to their organization. Some of them are as follows:-

i. **Job characteristic:**

In self employed job it has been found that Organizational commitments are high among the employees whose jobs are highly enriched and the levels of organizational commitment are quite higher among self-employed people than those who are employed by organizations.

ii. **Job rewards:**

Reward is a very important factor of Organizational Commitment. Organization used different types of rewards to motivate the employees. Various Research studies have shown that the employee’s commitment to their organization is enhanced by the use of profit sharing plan like Employee Stock Option Plan (ESOP).
iii. **Availability of alternative job opportunities:**
If the alternative job opportunities are available in the market, the employee will be less committed to the organization in which he/she is working and vice versa.

iv. **Personal characteristics of employees:**
It has been found that the employees who have worked for long time in a particular organization have greater organizational commitment than those with shorter work life with the organization. The reason is not difficult to seek. It is one established fact that the longer one serves in an organization the more one is likely have invested in it.

### 2.1.4 Models of employee engagement

In this section different models has been introduce to conceptualize organizational commitment. Models are Allen Mayer’s model, O’Reilly and Chatman’s model, general model

#### 1. O’Reilly and Chatman’s model

It model was first Model to make clear distinction between the instrumental exchange and psychological attachment. Instrumental refers to commitment based on rewarding, while psychological attachment is the deeper form of commitment.

In this model O’Reilly and Chatman (1986) perceive organizational commitment as a psychological attachment of employee with his organization. Ruokolainen express that the level to which an employee has been adopted the characteristics or perspective of organization. Commitment is the combination of three independent mechanisms.

- Compliance
- Identification
- Internalizations

In compliance the employees are usually connected with the reward, they carry certain attitude within the organization to gain specific award.

In the Identification is step, employees feel proud to be part of that particular organization. They give respect to their values and accomplishments. They always maintain good relationship within the organization. On the other hand, internalization, Employee accepts organization’s values because those are very similar to his or her own. It occurs when there is value congruence between the person and the
organization. Therefore, internalization arises finally when there is further into deeper commitment.

This model has been criticized on few matters. Internalization and identification both are positively correlated to each other and in the both cases employees are interested to continue work with that particular organization, on the other hand compliance works in the opposite way and has positive correlation with turnover.

Another point that has received critique in this model is that internalization and identification both concepts are similar and very close to each other and includes the same elements. It has been found during various studies that internalization and identification can be merged and one dimension can be formed.

2. Kanter’s Model (1972)

Kanter (1972) has classified three dimensions of commitment in terms of their action are:

- Instrumental Commitment,
- Affective Commitment, and
- Moral Commitment

The Instrumental dimension of commitment refers to financial rewards and it is related to the advantages and benefits. While The Affective dimension consists an emotional bonding of employees with their organization it also includes satisfaction of employees, their interaction pattern which create an attachment between the group members. Moral dimension, involves those conditions that help the employees to enjoy a sense of self-esteem, self-confidence, social proud, and belief in the values and goals of the organization in which they are working.

3. Steers’ Model (1977)

Steers’ model states that organizational commitment can be a dependent or an independent variable. In this model when organizational commitment works as a independent variable it influenced the dependent variables like presence, turnover, tendency to turnover, and their job performance while as it works as dependent variable it can be influenced by independent variables like personal characteristics, professional characteristics, and professional experiences\textsuperscript{11}. It can be express through following figure.
Figure 2.5: Steers’ Model (1977)

4. **Angle and Perry’s Model (1981):**

   Angel and Perry model describes two types of commitment.
   
   - Value commitment
   - Continuance Commitment

   Value commitment: it expresses the positive commitment towards the organization in which individual is working.
The Continuance Commitment: it shows the importance of interactions, rewards, and the inseparable interactions in an economic exchange commitment to stay with the same organization.\(^{12}\)

5. **Penley and Gould’s Model (1988):**

   Penley and Gould express organizational commitment in multidimensional form. They classified commitment into three categories- namely,
   - Moral Commitment,
   - Calculative Commitment, and
   - Alienative Commitment.

   Moral commitment is very much similar to Allen and Meyer’s Affective commitment, and Angle and Perry and Mayer and Schoorman’s Value Commitment. And Calculative Commitment is just similar with Compliance which is introduced in O’reilly and Chatman’s model, and can be even considered as a form of motivation instead of commitment. Finally, Alienative Commitment is too consistent with Continuance Commitment which has been introduced by Allen and Meyer\(^{13}\).


   According to Jaros there are three types if commitment-Affective commitment, Moral commitment, continuance commitment. An affective commitment is based on real experienced feeling of personnel. Moral commitment is almost similar to affective commitment in Allen and Mayer’s Model. Continuance commitment in this model is similar to Allen’s continuance commitment.

7. **Mathieu and Zajac’s Model (1990):**

   In this model Mathieu and Zajac’s give description on the variable which affects the organizational commitment. They also discuss about those variable which are affected by organizational commitment. They highlight difference between organizational variable and some other variable\(^{14}\).
Figure: 2.6: Mathieu and Zajac’s Model

8. The Three-Dimensional Model of Allen and Meyer:

Allen and Meyer’s three-dimensional model of organizational commitment is based on their observation about the similarities and differences present in unidimensional concepts of organizational commitment. According to Allen & Mayer, commitment attaches the individual to the organization and then this attachment decreases the employee turnover. In this model, organizational commitment is based on the three dimensions of Affective, Continuance, and Normative commitment. This model is shown in Figure 1.7.
9. **Cohen’s four component commitment model**

Cohen’s four component commitment model is the part of Cohen’s model 2007. The difference between Allen and Meyer’s model and this model is, it includes time frame. The model describes the changes in organization commitment of employee before entering in the organization and after entering in organization. The remaining two dimensions are bases of commitment, whether it is instrumental or
psychological attachment. When evaluating these two, instrumental commitment is attachment based on more physical exchange relationship, like rewards and salary while psychological attachment is perceptions of justice, perceptions of organizational support and transformational leadership. Following Figure describes that how these four dimensions are connected to each other.

**Figure 2.8: Cohen’s model**

![Diagram showing the connection between bases of commitment before and after entry.](https://tampub.uta.fi/bitstream/handle/10024/96724/GRADU-1424344150)

Therefore, before entering the organization, person develops the following types of commitment – instrumental commitment propensity and normative commitment propensity. Propensity can be thought as tendency. The first is derived from person’s general expectations about the quality of the exchange with the organization about the expected benefits and rewards person might receive from it in return of the contribution given. The second is defined by general moral obligations toward the organization. (Cohen 2007, 337.) Accordingly, after entering the organization employee develops instrumental commitment and affective commitment. Instrumental commitment is a reflection of the instrumental commitment propensity, and therefore person reflects how well one’s expectations about the benefits and rewards are met.
While affective commitment is a psychological attachment to the organization, which can be seen as identification with it, emotional involvement and a sense of belonging.17

2.2 EMPLOYEE RETENTION- DEFINITION AND CONCEPT

Employee retention is the process in which employees are motivated to be with the organization for maximum time. Employee retention is beneficial for both the organization and employee. Employee retention is set of policies and practices which are used to retain existing employees in an organization for a longer time period.

Employee retention play vital role in firm’s performance. If an organization is not able to retain its good employees, the firm will not able to capitalize human assets in organization. Therefore, It has been found that the best human resources practices need to use to retain our most important resources that is human (employees).18

Hiring an employee is begging step but to retain employees in organization is very important. If organization does not apply best HR practices to retain its employees, will increase employee turnover ratio. High turnover ratio put additional financial burden on organization. The cost associated with employee turnover will lost customer as well as damaged morale. In addition organization would have to bear other costs incurred in screening, verifying credentials and references, interviewing, hiring and training a new employee.

The costs associated with employee turnover can include lost customers and business as well as damaged morale. In addition, there are costs incurred in screening, verifying credentials and references, interviewing, hiring and training a new employee. The direct and indirect costs associated with employee turnover can range between 70 and 200 per cent of salary.
2.2.1 Definition

Employee retention is defined as a systematic effort by employers to create and foster an environment that encourages current employees to remain with the organisation.\textsuperscript{19}

Employee retention is an effort by an organization to maintain a working environment which helps to existing employees to remain with the company. Many employee retention policies are aimed at addressing the various needs of employees to enhance their job satisfaction and reduce the substantial costs involved in hiring and training new staff.\textsuperscript{20}

Employee retention refers to the policies and practices through which company prevent its employees from leaving their jobs. Retaining talented employees is a challenging task for managers. Organizations spend considerable time, effort, and money to train an employee only to make them valuable asset for organization and they leave the company for better opportunity.

2.2.2 Concept of Employee retention

There are different views given by different author. Some views mentioned by J. Leslie Mckeown are as under: -

- To stop the people to leaving organization is a ‘Employee retention
- Employee engagement is about the retention of talented people in organization.
- ‘Getting our compensation and benefits into line with the marketplace.’
- Providing ‘Stock options, crèche facilities, and other perks.’ by organization.
- ‘It’s got to do with our culture and how we treat people.’\textsuperscript{21}
2.3 FACTORS AFFECTING EMPLOYEE RETENTION

Figure 2.9: Factors Affecting Employee Retention

Employee value is very important factor. Organizations need to match employee’s personal value with their jobs. Employee personal value refers to employee’s skills, knowledge, qualification, his ability to perform and other characteristics etc. (Lofquist, Dawis, and Edward,)

Sociological driver- In previous studies have revealed by Amar (sociological driver) that the employee’s value were self centered but now employees see it as a place of belonging. While the psychological driver depicts, “in the past the focus was more on money, but now the prime positive reinforce is self.”
Generational driver- it has been found that the new generation is entering more and more in organizations, there are approx 70 million people are of this category and is referred as generation Y. The knowledge work driver, science and technology are two important variables. To gain competitive advantage, organizations have to innovate and managers have to appoint the employees who are knowledgeable posses good qualification, and who are suitable for their job requirement, and who are motivated to use it for the benefit of the organization.

Cultural driver- Cultural driver, means People from different places and of different culture are now working together at one place. It has been emerged in the world Due to globalization. The cultural differences again an important factor that support to understand how to retain the talented employees in the organization.

2. Compensation:

Compensation emerged as biggest factor to retain employees. It plays very important role to retain those employees who are special and unique in their performance, play outstanding role in the organization, their services is highly demanded, and they are indispensible for the company because company invest large amount for their training and development.

Lawler (1990); says company follow low wages for simple work which required normal training. And adopt high wages for skilled works which required heavy investment in training and orientation programs.

Some researchers argue that the competitive compensation packages are helpful to retain employees irrespective of their skills and their contribution in the organization which affects the turnover. It is found by researcher that compensation is strong commitment and also builds stronger commitment from workers side. The amount of compensation is also play important role in retention. High compensation amount attracts higher number of employees and will reduce the turnover rate.

Ashby and Pell at.al argues that we can bring more skilled employee in the organization through high compensation packages but it is not sufficient to retain them. It has been found that some organization implement very good retention strategies without offering high compensation packages, therefore existence of other factor cannot be ignored.
3. Rewards:

Reward means, something offered by organization to the workers against their performance and contribution which are expected on their jobs. It can be defined as the pay, benefits, or its equivalents which employees received from organization against their services rendered in the organization. A reward can be intrinsic or extrinsic. Organization used to pay rewards in form of cash i.e. bonus or they give recognition / certificate such as commendation certificate or worker of the month.

Various rewards which have been offered by organizations are in the forms of recognition, cash bonuses, awards, free trips and free merchandise etc. reward is a very important to motivate the employees and helpful to set the perception in employees mind that they are valuable for the organization. Researchers found that the reward and recognition is important for employees and they highlighted the linkage between rewards and employee’s retention (Watson Wyatt, 1999; Tower Perrin, 2003; Mercer, 2003). It has been also found in study on talent management that well and broad implemented reward practices help in talent retention and management. The Watson Wyatt study found that recognition is important for workers and they want to listen that their work followed recognized and appreciated.

4. Training and Career Development:

Organization incurred cost on the training and development of the employees that is termed as investment because organizations expect to return and give output on its investment from their employees. Investment on employee Training and career development is considered important factor in employee retention According to Wetland (2003), the organizations made investment on human resources in the form of training which help to enhances the skills of employees. When employees are hired to enhance the skill, organization needs to start training program (Goldstein, 1991).

According to Clark (2001), organizations support for the growth and development of talented employees, through proficiency analysis, they put efforts according to employee interests and need development and multisource appraisal of capabilities and formulate plans for action. Training program provides special techniques to perform their duties on job and also helps to modify the deficiencies of their performance. While development enhance those skills and abilities which
organization will required in future. Development program consist interpersonal communication, technical knowledge, problem solving capabilities and basic literacy etc.

It can be concluded that there is an inverse relationship between training and employee turnover. Low turnover will increase the amount of training. This statement is based on the opinion that longer the workers stay in organization; they would acquired higher amount of training. Training increased the productivity and higher productivity will increase works wages beyond their expectation which will support to retain employees. In short, training help to lower turnover rate and considered as important factor in employee retention

5. Career Advancement Opportunities:

Employee’s career advancement is an act which is organized to achieve the balance between organization’s requirements of human resource with employees career needs. It becomes the challenge for HR Manager to determine the strategies for organizational development which motivate to the employee to be committed to the organization’s vision and values. And encourage them to gain competitive advantages for organization.

Organization needs to spend more on the employee’s development that will create promotion opportunities for employees within organization. They must provide training opportunities and skill development to improve their employee’s employability on the internal and / or external labor market.

Career development is beneficial for both the employees and employer, because it gives imperative results to employer and employees. To obtain and sustain competitive advantages, organization need talented and productive employee and the employees need career development training to enhance their capabilities

6. Supervisor Support:

In an organization sound relation should be there between supervisors and their subordinate. A sound relationship will create positive energy in environment. The relationship between supervisors and their works play important role in employee retention. The way of providing direction to the subordinate, implementing plans and
motivating to employees is called leadership style. The leadership style consider affective factor in employee retention.

If supervisors support their employees, have open communication with employees, and good relationship is there, the employee turnover will be very less and employees will never seek to any other new employment opportunity. (Ontario, 2004) Employees leave the leaders not jobs so leader support is essential in this regard.

Employees will be highly motivated and they will give full devotion in organization if they feel esteemed and valued. If Employees feel respect, and being valued at his work place, will take active participation in organizational activities, and increase job involvement which will reduce absenteeism and turnover intention.

Silbert (2005) found that the qualified and talented workers may get job anywhere, therefore to retain those employees we need to maintain friendly and close working environment. Leaders must to groom to support the employees and to well build the work environment where workers want to stay. It can be concluded that, by providing good development opportunity and by evaluate their abilities can increase employees capability and helps them to stay in the organization.

7. Work Environment:

Work environment is the most important factor of employee retention. Different studies express the different aspects of work environment like job satisfaction, employee retention, employee turnover, organizational commitment and job involvement etc. work environment may be different in both the sector, service sector and production sector because service sectors directly deals with customer. Interaction or deals depends on kinds of job or kinds of business, it can be more or less.

The interaction between employees and clients moves from physical to psychological dimension. Psychological work environment consist of work load, decision, support, stress, latitude and decision etc. it is necessary to know the needs of employees and provide them good working environment to keep the employees committed with organization. ASID has conducted a research in which it has been found that work environment play important role. it helps to employees to take
decision whether they should leave job or to continue with the same job and it consider as a major factor of employee retention.

Some factors like light, noise disturbance etc influenced working environment and create negative impact on employees psychological and physical welfare and productivity. Research also recognizes that the organizations will have very less turnover rate if they support their employees to maintain balance between family responsibilities and job responsibilities.

8. Organizational Justice:

Organizational justice refers as the treatment of employee by organization in fair and ethical. According to Oxford dictionary organizational justice as is “the quality of being just or fair, fairness”. In general terms justice means righteousness. But ethically it is the process; involve being just if perceived by the employees.

Generally each every organization set their own rules and regulation and they implement those rules and regulations on their employees. Various social and psychological researches put emphasize on fairness with individuals.

Organizational justice defied as an action, event or decision which judged as fair or unfair on the basis of individual attitude about the decision and his value system which is associated to those beliefs.

- The distributive justice

The distributive justice is based on the equity theory of Adams’. In this theory employees compare their inputs and output ratio with other employee and judge that they are treated fairly or not. Here input refers to the efforts and time devoted by an employee while output refers to the status, reward & pay. If employee find favor ratio, will create remorse, guilt and embarrassment situation. And more favorable ratio will leads to resentment and anger. Employees respond to this comparison as his satisfaction or dissatisfaction attitude. This satisfaction or dissatisfaction of employees with their jobs will create their intention to leave job or stay with the same. Adams perceives this, as a subjective concept not as an objective concept.

The main purpose of distributive justice is the standard allocation. It can be concluded that if employees are treated fairly regarding their inputs and outputs
the employees will feel satisfaction. And they would like to stay in the organization.

- **Procedural Justice**

  Procedural justice refers as allocation process of resources or decision related to design a compensation program, increments, etc.. Researches show that only distributive Justice is not enough for satisfaction of employees. Normally employees are not only worry about their input output justice but they also think about the process of allocation.

  Early research focused on the few elements of procedural justice which affects the fairness opinion of employee’s like- voice & process control and other justice rules, for example; information accuracy and rule which conclude the outcomes etc

  Procedural justice is based on two theories first is control theory and second is group value model. On the basis of control theory employee wants to control that what is happening to them, are they treated fairly or not. The positive results are valuable for employees because in case of fair procedures employees control over outcomes. In second theory employees wants to be a valuable member of group and fair procedure depicts the employees’ valued in organization so it is more desirable to employee.

  In this theory employees are not only worried about procedural fairness of organizational outcome but they are also worried about the procedures which have been used in decisions and communication.22

**2.4 ROLE OF EMPLOYEE ENGAGEMENT IN EMPLOYEE RETENTION**

IRS (International Survey Research), defines employee engagement as a process through which organization apply engagement practices to increases the commitment and continuation of its talented employees to achieve better results.

Perrin’s Global work study, 2003, defined employees’ engagement as ability and willingness of employees to promote the organization and to achieve its goals.
Shuck & Wollard, describe employee engagement as a positive cognitive, emotional and behavioral state which directed toward organizational outcomes. Thus it can conclude that employee engagement is a process which make emotionally attached to employees with their organization and they become passionate about their work that works as improvement in employee retention.

2.4.1 Employee Retention

Human resources are important asset for an organization. Organizations don’t want to make any sacrifice with their key performers and Now it becomes necessary important to retain them.

Employee Retention can be defined as organization’s ability to retain its talented employees. Employee retention can be express in Percentage such as retention level of any organization is 80% that means organization could keep its 80% of its employees with them in a year.

Employee retention is considered as a strategy which an organization adopt to retain its employees. It involves mechanism which encourages the employees to remain in the organization for long period. Randenbush, S.W. & Bryk, A.S, describe the negative impact of Employee turnover on employees’ family, organization and society. Employee turnover bring stress in employees family as they have to change their location according to their new job, mean while they also face financial crises till new joining. For organization it may lead disruption of service to clients and dissatisfaction in remaining employees due to extra work load arises. Society also affects badly on leaving organization by talented employees.

It has been found in corporate leadership council report (2008), that disengaged employees are more likely tends to leave the organization while highly engaged employees retain in organization and use his full potential to achieve organizational goals. It was observed that the employee retention can be improved by improving employee engagement.23

“Highly engaged employees stay with their companies longer”

Alan C. Lindsay
Alan Lindsay the president and CEO of PLS consulting who involved in human capital management and he is working for their clients to acquire, assess, develop and retain critical talent from 30+ years. According to Alan, highly engaged employees stay with their companies for longer time period than under engaged employees and they have greater impact on their organization’s profitability and success.

As per modern survey, only 16% of U.S workers are fully engaged because they don’t know how to determine the engagement level of their employees. Though some organizations conducted engagement survey but they don’t know what to do with the data the surveys provide.\(^{24}\)

### 2.4.2 The Cost of not Retaining Employees

When organizations want to expand business, retention is a key concern for executives. In most of the organization out five, four employees are considering a job change. Organization and Employers want the best performance from their employees they don’t want to steal poor performance as they invested huge amount on their training and development.

SHRM estimate that the total cost of replacement of an employee is between 90-200% of that person’s annual salary. So whenever organizations need to replace their workforce they spend about a year’s worth of their salary.\(^{25}\)

Employees, who are qualified and talented, demands for high packages, good working conditions, flexible schedules, competitive salaries, benefits, and development opportunities.

Critical employees are those employees who are not emotionally attached with their organization and not afraid to look for jobs in other organizations. According to salary .com reports around 83% of employees planned to look for a new job in 2014 when they start leaving jobs others also follow them.

Thus employee retention is very important for an organization’s success. The HR department can put their efforts towards retention of talented employees through compensation and benefit structures. It can be concluded that if employees are
engaged they will retain with the organist ion for longer period. Thus employee engagement play important role in employee retention.

2.4.3 Importance of Engagement

A disengaged employee will be associated with apathy and detachment from his work. In such conditions, individuals are thought to be estranged from their selves. Therefore, employee engagement program must be conducted for the success of organization.

An organization’s capacity to manage employee engagement level is highly associated with its ability to achieve high performance levels and superior business results. Following benefits can be achieved if organization keeps their employees engaged.

1. It builds passion, commitment and alignment with the organization’s strategies and goals
2. Increases employees’ trust in the organization
3. Engaged employees will stay with the company, be an advocate of the company and its products and services, and contribute to bottom line business success.
4. Makes the employees effective brand ambassadors for the company
5. Creates a sense of loyalty in a competitive environment
6. They will normally perform better and are more motivated.
7. They form an emotional connection with the company. This impacts their attitude towards the Company’s clients, and thereby improves customer satisfaction and service levels
8. Provides a high-energy working environment
9. Boosts business growth
10. There is a significant link between employee engagement and profitability

The work place research foundation reports shown that employee engagement program can increase profits by $2,400 per employee per year. If 100 workers are fully engaged in an organization it will earn $240,000 of additional revenue per employee per year.

The Temkin Group reports on highly engaged employees. It has been found in this report that-
• Worker who are highly engaged are 2.5 times ready to stay late after normal working hour.
• More than twice as likely to help someone at work even if they don’t ask for help.
• Engaged employee, more than three times do something good for the company that is not expected of them.

According to The Temkin Group reports, 91% of highly engaged employees always try for their best and give their full efforts to achieve organization goal. It has been found that highly engaged employees create good working environment and culture. According to Demand Metric reports that organizations with over 50% employee engagement retain over 80% of their customers

Employee engagement plays a significant role in employee retention. Engaged employees are less likely to leave their job. If an employee has no emotional Commitment and not engaged with job, there is a greater possibility that they will leave job to grape another opportunity which is available to them with higher remuneration or more flexible work conditions. Engagement lowers employees’ intention to leave. The Corporate Leadership Council found that the most engaged employees are 87% less likely to leave their organization. It’s easy to draw a line directly from engagement to retention. Replacing an employee can cost one and a half times their salary; retention has a significant impact on an organization’s bottom line.

2.5 GENDER DIFFERENCES IN EMPLOYMENT ENGAGEMENT

People from different demographic group have different choices, needs, and priorities. So due to the gender difference employee engagement require more flexibility. Usually organization make big mistake. They treat in way that all the people in organization are same and they adopt blanket approach to recruitment, induction, and staff development.

A research study has been conducted on talented employees. It shows that different demographic groups of employees may have different needs and priorities. It also has been found that if organizations want to develop and engage employees, they need to consider the gender, age, ethnic, educational and occupational differences. To accomplish this task they must adopt much flexible approach. The study was
conducted on 16,000 employees of UK. They were asked to rank the relative importance of 12 key factors that underpin employee commitment. The study reveals that the importance of these factors varies from person to person and group to group. The research study found following gender differences at work place.

- In was observed that women were more committed with organization and express lower intention to leave organization than men.
- Women love to give importance to the quality of their working relationship with peers and managers more than men. While men give more importance to salary, career, progress more than women.
- Women are more supportive than men. They are more likely to give support to others than men.
- More social attitude was found in women as compare to men. Like mentoring was the most preferable task by women.\(^29\)

**Modern survey report on gender differences and employee engagement**

Modern survey conducts a study in every six months on U.S workers and their level of employee engagement. In this study the difference has been found in engagement level of male and female workers.

The modern survey conducted a survey in 2015 on U.S workforce in which the following facts have been revealed related to differences in employee engagement. In most of the organization men are more favorable than women especially in compensation rating.

**Engagement Index Gender Differences**

The five employee engagement index; willingness to refer, sense of pride, sense of future, intent to stay, and inspired by company has been taken. In which it has been found that the women are less favorable than men in all, “except sense of future”
The modern survey reveals that the engagement level was similar in male and female. Women are more likely to be “Fully Engaged,” but that is offset by a much higher percentage of “Moderately Engaged” men.

Figure 2.11: Engagement Level

Source: www.modernsurvey.com
The trend in percentage of fully engaged employee

The percentage of “Fully Engaged” employees has been relatively stable. However, the recent 5-point drop for men is the largest shift that has occurred during this timeframe.

Figure 2.12: Trend of Fully Engaged Employees

Looking to leave current organization

Significantly more men than women are actively looking for new jobs outside their organization. 58% men want to leave the job.

Rating of Pay

The most recent data shows a significant gender gap in perceptions of fair pay. Men are substantially more likely than women to believe they are being paid fairly.

When employees are fully engaged it results in remarkable effort toward attaining organizational goals. It can be concluded that, men are more favorable than women on most of the variables. Men are more likely to be satisfied than women at work, men are more likely to be looking for jobs in other organizations.
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